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NEWS SUMMARY

GENERAL

Aircraft missile attack kills 59

An Air Rhodesia Viscount Airliner with 59 people on board was shot down yesterday by two Russian-built Sam Seven missiles, according to military officials in Salisbury. There were no survivors.

The aircraft crashed five minutes after taking off from the Kariba holiday resort.

Last September an Air Rhodesia Viscount was shot down by a Sam Seven just seven minutes after leaving Kariba. Then there were 58 people on board, of which 38 died in the crash, 10 were murdered by guerrillas and 10 survived.

Mr. Joshua Nkomo warned then that his men would shoot down other aircraft.

Planes sabotaged

Malaysian Government has suspended all flights of the State-owned Malaysian Airline System because of suspected sabotage. The action followed airline staff's rejection of a pay offer. The Transport Minister broadcast an announcement that the Government suspected that aircraft had been tampered with.

Coup resisted

Troops loyal to Chad President Felix Malloum were resisting an attempted coup by partisans of Premier Hissene Harbre at Ndjamena. French commandos moved to guard the city's European quarter.

Water pay offer

Unions representing 1.5m council workers and hospital ancillary staff stepped up industrial action. But water workers' leaders in the National Union of Public Employees are to recommend acceptance of a 16 per cent pay offer. Page 8

Price Bill is law

The Bill tightening price controls received the Royal Assent in the House of Lords and is now law. The Price Commission (Amendment) Bill abolishes the automatic profits safeguards which allowed companies to put up prices while their application for an increase was being considered by the Price Commission. Page 10

Bandleader jailed

Bandleader Jack Parnell was jailed for three months, fined £2,030 and banned from driving for 10 years on driving charges related to an accident in which a young motor-cyclist lost a leg

Virginia stars

Virginia McKenna is to star with Yul Brynner in the London Palladium production of The King and I which opens in June. The show has attracted a record demand for tickets.

Briefly . . .

George Cross is to be awarded posthumously to Captain Robert Nairac, the Grenadier Guardsman abducted, beaten and murdered by the IRA in South Armagh in May, 1977.

Damages of £175,000 with costs were awarded in the High Court in Manchester to a 37-year-old woman paralysed in all her limbs following a road accident.

The Queen became the first woman head of state to visit Kuwait when she arrived by Concorde to begin a tour of Arab states around the Persian Gulf.

Leeds United supporter was fined £400 at Birmingham for throwing a peanut into the crowd at Saturday's match against Birmingham City.

Working mothers regularly leave at least 100,000 children under the age of 11 alone after school and during school holidays according to Gallup Poll survey for Women's Own.

Woman secretary at the West German embassy in Brussels has been arrested on suspicion of betraying NATO secrets to East German intelligence.

BUSINESS

Equities down 4.6; Gilts improve

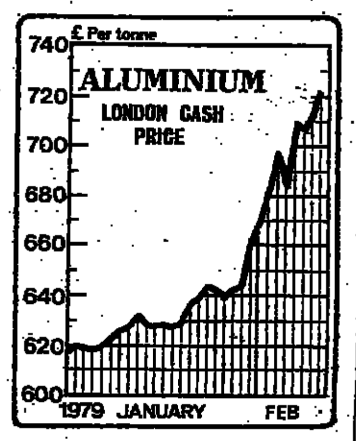
● EQUITIES were inhibited by labour unrest and the Iran situation, and the FT Ordinary index, down 5.6 at noon, closed 4.6 down at 446.1.

● GILTS were firm with rises of ⅜ in places. The Government Securities index closed 0.09 up at 64.89.

● STERLING rose 20 points to $2.0040 and its trade weighted index rose to 63.5 (63.4). On Bank of England figures, the dollar's index rose from 84.0 to 84.1.

● GOLD rose $1¼ to $244¾ in London.

● ALUMINIUM rose by £9.5 to £721.5 a tonne in spite of a rise in warehouse stocks. Page 31



31.

● EUROPEAN ZINC producers' price has risen from $760 to $890 a tonne, the highest level yet, and other producers are expected to follow suit. Page 31

● WALL STREET was 6.26 up at 822.58 just before the close.

● ROLLS-ROYCE Board is expected to approve in principle the setting up of an aero-engine overhaul and maintenance plant in the U.S. Back Page

● MONSANTO, the U.S. chemicals and textiles company has lost a case involving ownership of products sold to Bond Worth, a carpet manufacturer now in receivership. Back Page

● SABA, the Middle East accounting firm which is part of the Touche Ross International group is claiming damages of more than £½m from Tala Abu-Ghazaleh, another Arab firm which is part of Price Waterhouse International. Back Page

● BUILDING Societies Association has warned of more expensive home loans or a reduction in the number of mortgages available as a result of the increase in Minimum Lending Rate. Page 6

● MOBIL has raised the price of all its oil products in the UK by almost 9 per cent. Page 6

● BP has assured the Bonn Government that in the event of a crude oil shortage the West German oil company Veba would be treated as a full BP associate, if the agreed exchange of interests were allowed to go ahead. Page 3

● ENGINEERING employers have told leaders of the Confederation of Shipbuilding and Engineering Unions that their claim for a new national agreement, which includes increases in skilled rates to £80 a week and a 35-hour working week, could cost the industry 50 per cent. Page 8

● BSC craftsmen have decided against strike action on a 5 per cent pay offer, in spite of a recommendation to do so from their inter-union co-ordinating committee. Back Page

COMPANIES

● BERNARD SUNLEY Investment Trust raised pre-tax profit from £379,000 to £1.46m in the six months to September 30. Page 22 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury Var. 1982	£95⅝	+ 1/16
Excheq. 8%pc 1983	£85¼	+ ¼
Treas. 11¾%pc 1991	£86⅛	+ ⅜
Amalgamated Distilled Prods.	37xd	+ 3
[illegible]awoods	154	+ 4
Channel Tunnel	78	+ 16
[illegible] Cases	15	+ 3
Estates & Agency	62	+ 4
Finlan (J.)	41	+ 4
Gresham House	88	+ 10
[illegible]t. Thomson	344	+ 13
Johnson-Richards Tiles	135	+ 6
Kelsey Inds.	135	+ 8
[illegible]anders	120	+ 10
Macpherson (D.)	81½	+ 3
National Carbonising	46	+ 3
Peters Stores	44	+ 5
SEET	72	+ 4
Spillers	36½	+ 2
Wilmot-Breeden	76	+ 7½
LASMO	164	+ 8
Siebens (UK)	276	+ 18
Anglo American	366	+ 11
Hartebeest	£14⅞	+ ⅞
Rustenburg Plat.	151	+ 6
Western Mining	169	+ 5
FALLS		
Assoc. Fisheries	36	− 3
Clark (M.)	134	− 5
Costain Defd.	104	− 4
Imperial Group	82xd	− 1½
Lebus (Harris)	32	− 8
Norcros	80	− 4
Simon Engineering	253	− 5

KHOMEINI FAILS TO ASSERT HIS REGIME'S AUTHORITY

Iran battles towards anarchy

BY SIMON HENDERSON and ANDREW WHITLEY IN TEHRAN

THE LAST vestiges of the Shah's rule in Iran were destroyed yesterday as the country slipped toward anarchy with the new régime of the Ayatollah Khomeini failing to assert its authority.

The capture yesterday morning by a band of urban guerillas and turbaned Moslem priests of the Shah's Naivaran Palace on the hillside above the city symbolised the fall of the Pahlavi dynasty after 54 years in power.

The Imperial Guards surrendered without firing a shot and discarded their uniforms as they filed out of the palace, weeping.

Dr. Mehdi Bazargan appointed last week by the Ayatollah as Prime Minister of his "Provisional Government," occupied the Premier's office and promptly appointed a new Chief of Staff, Gen. Vali Gharani, to succeed Gen. Abbas Gharabaghi.

The Armed Forces and the police appeared in a state of complete disintegration as armed mobs took control of the capital and fighting spread to other towns throughout the country.

Many of the armed bands roaming the streets, setting fire to buildings and occupying key installations including Tehran international airport, do not owe allegiance to any authority.

Ominously, there was at least one clash during the day between pro-Khomeini forces and Left-wing guerrillas.

Followers of the Ayatollah captured nine senior generals.

Two were reported killed, including Gen. Badrei, commander of the Imperial ground forces and one of the men closest to the Shah.

He was said to have been shot by fellow-officers at the Lavizan Barracks who mutinied shortly after it was captured by rebel forces.

Prospects for the fate of Gen. Khosrowdad, commander of army aviation, look grim, as he is widely believed to have been responsible for the crucial decision at the weekend to crack down on dissident Air Force technicians.

His action triggered off the bloody street fighting which ended in the Army's withdrawal to barracks. Last night his whereabouts were unknown.

Faced with a situation of near anarchy, with the whole city virtually at the mercy of armed bands, Western embassies have advised their nationals to leave as soon as flights can be arranged.

Yesterday morning, however, the Provisional Government announced that Tehran international airport and all frontier crossing-points had been closed till further notice.

Plans to evacuate British, U.S., French, and West German citizens are being co-ordinated, but have not been announced.

It is unlikely that the airport will be reopened for at least two days.

Embassies can offer only very limited protection, and foreigners are exposed to random attack by the xenophobic gangs, which so far have paid little heed to the Ayatollah's calls for calm and order.

Yesterday the last pockets of resistance to the revolutionary forces were mopped up. Street fighters supported by Air Force "defectors" occupied key military installations one by one.

They took, in succession, the huge Jam Army base near the airport, blowing up an ammunition dump in the process; the Qasr communications centre, the Army headquarters, and the Imperial Guards' Lavizac Barracks. Elite troops deserted the Saltanatabad complex en masse.

Dr. Shapour Bakhtiar, the

Continued on Back Page

A revolution out of control? Page 2

U.S. ready to work with new government

THE U.S. "stands ready" to work with the new government in Iran, President Carter said yesterday, writes Jurek Martin from Washington.

He said the objective was a stable and independent Iran with which the U.S. could have a "productive and peaceful relationship."

The U.S. had no intention of interfering in the internal affairs of Iran and he would oppose any other country which sought to do so.

Although the President never mentioned by name the Ayotollah Khomeini, he said choice to head a new Iranian government, had been especially helpful in ensuring the safety of those Americans remaining in Iran.

The U.S. had supported the Shah and then Dr. Bakhtiar because they had been the legal heads of the Iranian Government. When governments changed, he argued, it was traditional for the U.S. quickly to establish relations with the new regime—though he did not say when he thought formal ties would be cemented.

Mr. Carter's remarks reflect the prevailing view in the U.S. that, for a variety of reasons, the U.S. has lost the ability — and perhaps the inclination—to influence the course of events in Iran.

Mr. Carter also reinforced last week's plea by Dr. James Schlesinger, the Energy Secretary, for voluntary conservation of energy.

Although Mr. Carter said there was no immediate danger, he did warn that the energy shortage could get worse in the months ahead, particularly if the absence of Iranian oil from world markets meant that the U.S. had to share its supplies with other nations, including Israel and other major industrialised countries.

MOSCOW: the Soviet Union has granted diplomatic recognition to the new Iran government.

BL Cars' stewards drop strike plan

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS's hopes of ending the damaging strike by 20,000 Longbridge workers rose yesterday with the company's senior stewards deciding to abandon proposed industrial action which would have halted all BL car production.

About 250 stewards from all the companies' plants decided in Coventry to "recognise and respect" the verdict of shopfloor workers, who voted 2 to 1 against a strike call.

The decision marked a dramatic climb-down for the men, who a week earlier recommended a total stoppage in protest at the company's refusal to award parity payments until productivity had improved.

The collapse of militant union opposition is a breakthrough for the tough management line. But union leaders were stressing last night that resentment among employees was widespread.

The vote against a strike did not necessarily imply support for management proposals. Many workers had feared the implications of a stoppage on jobs, while some plants, such as Cowley, had been in part registering opposition to central bargaining.

Pressure for a return to work by the Longbridge workers, who staged a walk-out last Wednesday, now seems irresistible.

Mr. Derek Robinson, the convenor, maintained that feelings were still running high. "Whether Longbridge can go it alone will be decided by the workers at the plant and no one else," he said.

The issue will be considered by a meeting of the 800 shop stewards tomorrow and a recommendation put to a mass meeting on Thursday or Friday.

A return-to-work demonstration at the Longbridge plant failed yesterday when only about 100 employees responded to the call by Mr. Don Harris, a grinder.

Mr. Grenville Hawley, automotive secretary of the Transport and General Workers Union, said after the stewards' meeting in Coventry that negotiations would be resumed with management in an effort to get parity payments backdated to November 1 last year.

He insisted that no agreement had been reached with the company on "the scale of measurement" for the productivity gains necessary to trigger payments.

He put a brave face on the obviously weak negotiating position of the union leadership following its rebuff from the shopfloor.

The company maintains that to fund payments to last November would require output at "the unrealistic level" of 7.3 cars per man this month and next.

Mr. Pat Lowry, BL personnel director, warned last night that the 6.4 cars target necessary to backdate payment to January 1 would be at risk the longer the Longbridge strike continued.

The chief debate among shop stewards yesterday was over a resolution to abandon central negotiations in favour of plant bargaining. The move was defeated by an overwhelming majority.

The stewards decided to refer to national union leaders the

Continued on Back Page

Editorial comment, Page 20

Lord Grade in £12m agreed bid for Classic Cinemas

BY CHRISTINE MOIR

LORD GRADE has announced a £12.8m bid for Mr. Laurie Marsh's Intereuropean Property Holdings, which runs the Classic cinema chain and plans a Las Vegas-style theatre-night club near Piccadilly Circus.

Formal takeover talks between Associated Communications Corporation, the parent company of ATV, and Intereuropean took only one day to complete and ended with agreement to the bid from Mr. Marsh and other shareholders representing 47.86 per cent of the company.

The level of acceptances means that Associated is virtually certain of adding a big chain of cinemas to its film production and distribution network.

The 81 Classic cinemas are the main profit centre of Intereuropean, which also takes in the Airport Park hotel in Los Angeles, 300,000 square feet of property in France valued at £5m and 17 bingo halls leased to Mecca at an annual rent of close on £½m.

Altogether, these businesses are forecast to produce £2.8m pre-tax profits in the year to July, compared with £1m last year and a similar sized loss in

Lord Grade

the previous 12 months. Over this period, Intereuropean has been disengaging itself from most of its property developments in Europe and concentrating on expanding its cinema complexes.

Mr. Jack Gill, Lord Grade's deputy chief executive, said yesterday that Associated was buying Intereuropean not for its past but for its present earnings and its potential.

Its future included plans for a 1,000 - seat theatre/restaurant, to be called the "Eros," on the old Monico site behind Piccadilly Circus between Denman and Windmill Streets.

Intereuropean, which held a key leasehold interest in the site, has purchased the freehold to the 1.25 acres from Land Securities and has planning permission for a £10m development. The centrepiece will be a 26-metre long stage

Terms of the offer, which are recommended by Intereuropean's advisers, Singer and or 34p in cash plus a package of Associated "A" shares to the value of 85p. They represent a premium of nearly 60 per cent over the market value of Intereuropean when its shares were suspended on Friday.

£ in New York

—	Feb. 9	Previous
Spot	$2.0010-0025	$2.0000-0001
1 month	0.56-0.51 dis	0.56-0.51 dis
3 months	1.67-1.63 dis	1.66-1.61 dis
12 months	5.59-5.19 dis	5.30-5.10 dis

Retail sales fall in January

BY DAVID FREUD

RETAIL SALES fell sharply in January after the pre-Christmas spending surge, in spite of panic buying which pushed up food sales.

Provisional estimates from the Department of Trade put the retail sales volume index at 109.5 in January (1971=100, seasonally adjusted), compared with 113.8 in December. This was a fall of 3.8 per cent.

Within the total, food sales increased probably due to panic buying during the lorry drivers' dispute. However, this increase was more than offset by a fall in sales of non-food shops.

The Department warns that the estimate is more unreliable than usual because fewer returns were made than normal. In recent months revisions to the original estimates have averaged about 0.5 per cent.

Sales in the latest three months were 1 per cent higher than in August-October. The January level was only 4 per cent above the same month a year before, compared with a 6.5 per cent rise for the year to December.

RETAIL SALES

		Volume 1971=100 seasonally adjusted	Value—percentage change compared with a year earlier (not seasonally adjusted)
1977	1st	103.3	+14
	2nd	102.4	+13
	3rd	104.2	+15
	4th	104.7	+13
1978	1st	106.4	+13
	2nd	107.9	+15
	3rd	110.7	+14
	4th	111.7	+14
1978	Aug.	111.7	+15
	Sept.	109.6	+13
	Oct.	110.2	+14
	Nov.	110.5	+13
	Dec.	113.8	+14
1979	Jan.	109.5*	+14*

* provisional estimate

Source: Department of Trade

While the December figures were aided by tax rebates, social security increases and the pensioners' bonus, the size of the January decline has disappointed retailers.

The increase in food sales implies a disproportionate drop in durables, which suggests a fairly steep decline in the level of consumer confidence.

Mr. Richard Weir, of the Retail Consortium which represents most retailers, said the January sales had been poor, with multiples and department stores the worst hit. Mail order business seemed to have remained relatively buoyant.

Consumers had diverted cash to buying food for their larders, and food sales in February were likely to fall as home stores were run down again. However, Mr. Weir believed it unlikely that the non-food sales lost in January would be recovered.

Mr. Weir said the prospects of an increase in retail sales of 2 to 3 per cent in 1979 over 1978 now looked more remote. Higher interest rates, and possible increases in value-added tax in a tough Budget, could hold spending in the shops back.

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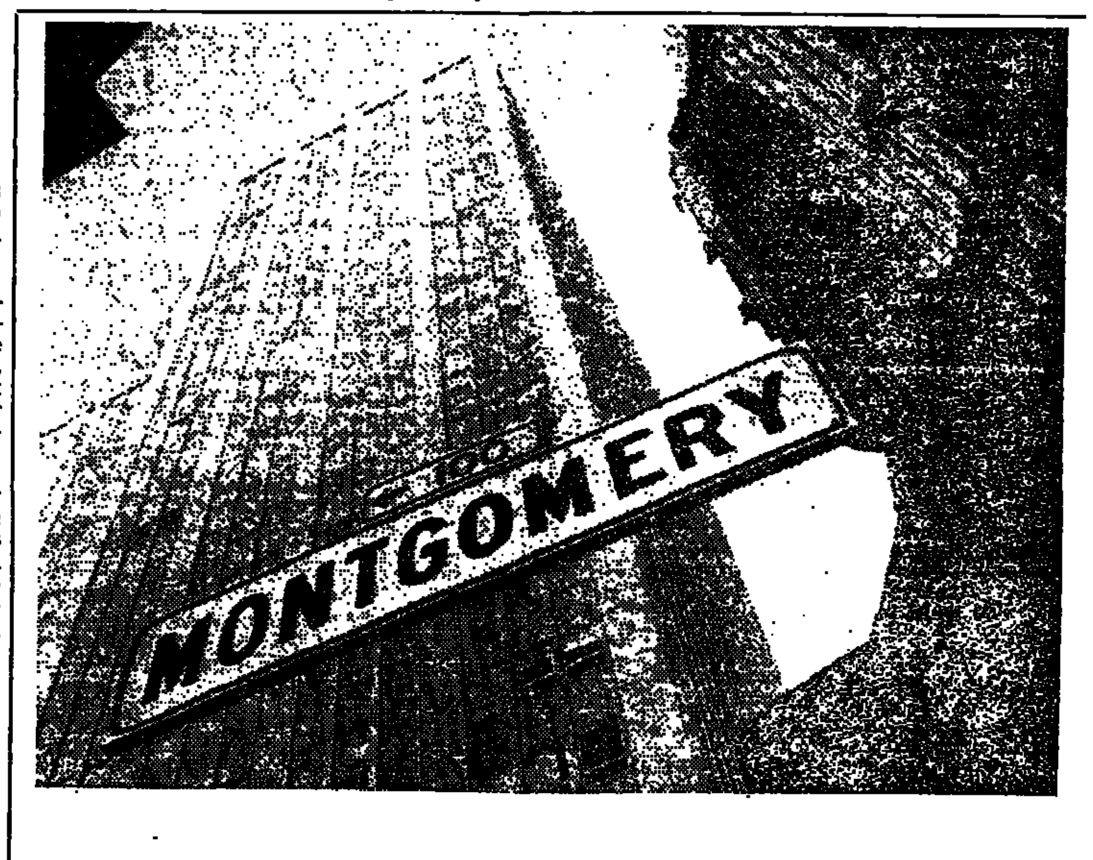

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IRAN: A REVOLUTION OUT OF CONTROL?

West to co-ordinate evacuation of beleaguered nationals

BY ANTHONY McDERMOTT

THE UNITED STATES, Britain, France and West Germany are co-ordinating plans for the evacuation of their nationals from Iran. The number of U.S. citizens still in Iran was put by an official yesterday at "as many as 8,000." There are less than 2,000 Britons, of whom about 1,400 are in the capital.

In London, the Foreign and Commonwealth Office would not say that a plan was being drawn up. Advice remained the same as it had been for weeks—that all dependants should leave together with those people without important business. This was said to be advice similar to that given by the U.S. State Department. But it is known that a senior U.S. officer from the U.S.-operated RAF base at Mildenhall was acting in close co-operation with the British Ministry of Defence.

Reports from Tehran however indicate that all British nationals have been advised to leave, and that they will be ferried out by the RAF as soon as airports were open again.

Turkey said yesterday that it would allow the U.S. to send six 50-seater transport helicopters to Turkey for possible evacuation of U.S. citizens from Iran, but ruled out any idea of U.S. Marines arriving for similar reasons.

The Turkish Foreign Ministry issued a statement after Press reports that 70 marines and six helicopters would be sent to U.S. bases in southern Turkey for use in any evacuation of Americans from Iran. The reports embarrassed the Turks, who have carefully avoided taking sides in the Iranian crisis.

The U.S. Embassy was also clearly worried that the reports might offend both the Turks, who must be informed of any military movements at U.S. bases, and the new Iranian authorities.

The embassy put out a statement saying it had never asked for Turkish permission to send in marines but had only requested the go-ahead for six helicopters.

According to Tehran radio, Tehran airport has been taken over by civilian militias to stop any corrupt elements leaving the country. Thousands of volunteers were called to the international airport by the radio after reports that two aircraft planned to take off carrying senior army officers and their families.

As long as the airport is closed the prospects for evacuation of foreigners must remain slim. Airports at Abadan and Shiraz in the South—the main oil producing areas—are open, but it would obviously be difficult to transfer a large number of foreigners to those areas.

The pressure to evacuate foreigners has increased in the last few days as the prospects of civil war have grown, and the xenophobic aspects of a newly-emergent and uncertain Islamic republic make themselves apparent.

THE ROAD TO CHAOS

1919: Mohammed Reza, the present Shah, born. Already Iran's oil is an important factor in British foreign policy.
1925: Reza Shah, his father, crowned.
1941: Reza Shah abdicates.
1953: Mohammed Reza Shah briefly in exile after conflict with Dr. Mossadegh following the nationalisation of the oil industry.
1963: White Revolution is approved by referendum. Serious riots by political and religious groups. Shah assumes total power.
1964: Ayatollah Ruhollah Khomeini exiled.
1973: Leap in oil prices following the Arab-Israeli war.
1977 June: First clandestinely circulated open letters from professionals and intellectuals.
1977 October: Student riots return, partly under the influence of President Carter's statements about human rights.
1977 December: The National Front reforms after being banned with other political parties since the 1950s.
1978 January: Committee for Defence of Liberty and Human Rights established. Many killed in riots in Qom following government-inspired anti-Khomeini Press article.
1978 September: After the imposition of martial law, many hundreds killed on "Black Friday" in Jaleh Square, Tehran;
1978 November: "Burning of Tehran." Military Government appointed under General Gholam-Reza Azhari.
1978 December: Shah appoints Dr. Shahpour Bakhtiar to lead civilian Government.
1979 January: Shah leaves the country.
1979 February: Khomeini returns.

Carter 'ready to work with new rulers'

BY OUR FOREIGN STAFF

PRESIDENT Jimmy Carter said yesterday he has been in touch with the new rulers of Iran and "we stand ready to work with them."

In a press conference in Washington Mr. Carter also called for voluntary oil conservation to offset the loss of Iranian oil supplies which amounted to 6m barrels daily.

Other reaction to the events in Iran ranged from alarm to approval. In Amman, Jordan, Mr. Harold Brown, the U.S. Secretary of Defence said that the collapse of the government in Iran placed increasing importance on Saudi Arabia as a source of oil for the west. In Beirut, Moslem gunman in various parts of Lebanon fired their machine guns into the air and dropped dynamite in empty lots to show their approval for the new Islamic regime in Iran. When Mr. Yasir Arafat chairman of the Palestinian Liberation Organisation telephoned the Ayatollah Khomeini to offer his congratulations, an aide told the PLO chief that the offices which housed the Israeli mission in Tehran would be turned over to the Palestinians.

The Egyptian Press gave muted coverage to developments in Iran but President Anwar Sadat, who last week repeated his invitation to the desposed Shah to return to Egypt is known to view events in Tehran with deep concern.

Gunmen by the thousand rule Tehran's streets

BY SIMON HENDERSON IN TEHRAN

TO HAVE a gun in Tehran these days is to have status. Thousands of young men have the Iranian army issue self-loading rifles, mostly looted in recent days from arsenals but some no doubt captured in earlier resistance against the Shah's regime. Some have pistols as well, but others make do with knives, bayonets, hatchets, or Molotov cocktails. In a nation in which, before the week-end, private arms were not allowed, it is an astonishing sight.

It is these armed groups which control the streets by virtue of their revolutionary power. Many seem content to drive around in cars and trucks showing off their weapons. Others will head for any centre of trouble, as many did yesterday morning when the radio said the army was still holding out in the north of the city and asked for the attackers to be given assistance.

The streets are littered with rubble and burnt-out cars, evidence of the sometimes bitter fighting that took place before the bulk of the army surrendered. But in the midst of confusion, some organisation of the fighting forces does exist. The Prime Minister's office is efficiently protected by road blocks several streets from the building. Closer in there are a comparatively small number of disciplined young men.

At the airport, the *de facto* commander — an Iranian employee of Bell Helicopters—said he had been ordered to keep it shut until Tuesday morning. He listened to a transistor radio in case countermanding orders were given, but even his authority seemed doubtful. From behind a barricade, two rifles were pointed at us throughout the conversation.

Armed escort

The secret of moving around Tehran is to have an armed man in the car. A colleague deliberately gave a lift to two such men in order that he might pass quickly through road-blocks. When I was stopped alone near the airport, half the gunmen said I could pass, the rest said not. The day was saved when an Iranian friend, carrying a rifle, emerged from the crowd and jumped into the car. Our passage was henceforth assured.

Unknown to me, my friend Mohammed, aged 26, had been a left-wing guerrilla for the past three months. I had known him only to be the sales manager of a West German electrical concern. He had started out with one old rifle, he told me, but now had a modern self-loading type, and had captured two more as well as four pistols.

He was no more able than me to differentiate between the various bands of guerrillas. There are thought to be three or four main groups—representing the left wing, an Islamic terrorist group, the Communist Party and ordinary supporters of Ayatollah Khomeini. The dress — combat jacket, blue jeans and a white bandage around the head—is identical.

Mohammed said he would not surrender his gun if ordered to do so by the Ayatollah. He came from the mountains near the Turkish border, he said, and needed it there. The unspoken reason is that some day the left wing may need guns for itself.

Outside the Khomeini headquarters in eastern Tehran, the narrow streets were crammed with armed men or people coming to be issued with arms. A Khomeini official said unconvincingly that weapons were being taken in and only pro-Khomeini serving soldiers were being issued with new guns. "After all, we need an army," he said.

Conceivably, the Iranian revolution could fail if parts of the country are not won over to Ayatollah Khomeini. Control of the south-western oilfields in Khuzestan will be important in this respect. So far, reports from the provinces indicate that although some fighting continues most areas are accepting the new regime.

The next stage would appear to be the imposition of revolutionary justice. I saw several senior men from the secret police, Savak, and a general, being taken into a combined armoury and prison camp at the Khomeini headquarters. Islamic courts are to be set up to try them.

The most persistent questions remaining are whether power can be wrested back from the gunmen, and whether Mr. Medhi Bazargan, the appointee of Ayatolah Khomeini, can set up a responsible government.

Pro-Khomeini forces man a bunker in front of the Parliament buildings.

An ad hoc marriage of Islam and Marxism

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SO FAR the Iranian revolution has defied one old cliche — namely that Islam and Marxism are incompatible. Now that the Pahlavi dynasty has been swept away by an overwhelming tide of popular discontent the question is how the ad hoc alliance between the two ideologies will resolve itself and will the dormant extreme Left move to foment trouble in this highly explosive situation?

At the start of the decade when the Shah and the secret police SAVAK were first confronted by the challenge of *urban guerrillas* the explanation that the subversive elements were "Islamic-Marxists" was treated with bewildered incredulity. It became clear, however, that a measure of collaboration, if not a synthesis of beliefs, had been forged.

From a practical point of view, both the Islamic and the Marxist opposition have had common denominators. Most fundamentally there has been the overwhelming objective of removing the Shah from power. They have been united, too, in their opposition to the "exploitation" of their country by foreign powers (or more strictly the West) the influence of the U.S. and the heavy expenditure on sophisticated weaponry at the expense of economic and social development.

Elusively vague

For his part, the Ayatollah Ruhollah Khomeini has seemed happy enough to see various Left-wing factions rally under his banner of liberation without concerning himself with possible contradictions. Perhaps his attitude was summed up by one of his acolytes who was quoted as saying: "If Iranians open their eyes to the ways of the Prophet and Ali, they would forget Marx and Lenin."

Ayatollah Khomeini has been elusively vague in failing to depict how he envisages his Islamic Republic of Iran. In the midst of the present chaos and euphoria it would be rash to predict the form that it might take. The armed strength of Left-wing elements may distort the evolution of his idealistic vision. Yesterday one guerrilla group claimed to have taken control not only of Tehran but "all towns and villages throughout the country." Whatever the truth of the claim, the Ayatollah has said that all parties will be permitted in an Islamic Republic as long as they do not owe allegiance to a foergn power.

Such a proviso would rule out the old Tudeh Party, the main line Communist group tied to the Soviet Union that gave its backing to Mohammed Nossadegh's nationalist movement in the early 1950s and seemed bent on taking it over. After years of brutal suppression by SAVAK it emerged fully into the open after the Shah's departure last month.

Appreciating the basically religious impetus behind the gathering revolt against the Shah, Moscow gave its approval to Ayatollah Khomeini. It was reflected in an interview with a Hungarian newspaper last week by Nurredin Kianuri, First Secretary of the Central Committee of the Tudeh Party. Acknowledging that Ayatollah Khomeini had earned the title of "leader of the political and religious opposition," he declared that the bearded sage deserved the esteem of the entire Iranian revolution.

The Tudeh Party has been above ground for some weeks now but is said to be divided as to whether to commit itself to armed struggles or not.

'Genuine' party

However, in view of the Ayatollah Khomeini's clearly stated principle about the national independence of parties, the stated position of the recently founded Communist Party of Iran seems significant. Using the pseudonym Azaryun, its secretary-general stressed to the newspaper Ettelaat that it had been necessary to establish a genuine Marxist-Leninist party as the Tudeh was discredited because of Moscow's influence over its affairs. He said the members were armed but denied they had received training from Palestinian guerrillas. Its Russian and Soviet arms had been bought from merchants, he claimed.

The Communist Party of Iran is one of a number of Western-style parties on the extreme Left to have sprouted from the turmoil of the past few months. Others are the Proletarian Workers' Party and other Trotskyite splinters. Among the dozen or so Marxist-Leninist groups, one is even said to be inspired by the Albanian road to socialism.

As a force in the streets, however, far more important is the *fedayin-e-khlaq*, or "Strugglers for the People." Responsible for most of the assassinations to have taken place, they are heavily armed and may continue fighting when the dust settles. Despite the need to pay observance to the Ayatollah Khomeini's purist vision, this group—originating from the era of the urban guerrillas — has already warned explicitly that Islamic intolerance might damage its interests.

OTHER OVERSEAS NEWS

ARUSHA THIRD WORLD CONFERENCE

Nyerere self-reliance call

BY MICHAEL HOLMAN IN LUSAKA

PRESIDENT Julius Nyerere of Tanzania called for the unity of the Third World and the establishment of its own multinational corporations, shipping lines and financial institutions, yesterday when he opened the ministerial conference of the Group of 77 in Arusha, Tanzania.

The group takes its name from the 77 Third World countries which banded together in 1964 to lobby for structural reform of the international trade and monetary system. It has since grown to 117 countries from Africa, Asia and Latin America, of which 81 have sent delegates to the five-day assembly. They are preparing their strategy for the fifth United Nations Conference on Trade and Development (UNCTAD) to be held in Manila, Philippines, next May.

Dr. Nyerere's appeal, which included a frank analysis of Third World weaknesses, was delivered to a conference divided over the questions of establishing a common fund to stabilise raw material prices and whether a code of conduct for the transfer of technology from developed to developing countries should be legally binding.

The conference has been preceded by meetings of the regional groups, which produced pessimistic accounts of progress since the last UNCTAD meeting in Nairobi, Kenya, in 1976. The debt burden of developing countries, described as "excruciating" in a conference paper presented by the Africa group, is rising—up from $72bn at the end of 1973 to $250bn at the end of 1977.

This is being aggravated by what the Africa group calls "the rising tide of protectionism in developed countries." At the same time, aid transfers as percentages of donors' GDPs have been falling (0.33 per cent in 1976 to 0.31 per cent in 1977). Terms of trade have moved against the developing countries and international monetary institutions have not—in the eyes of the Third World—adapated to changing conditions.

Perhaps most important of all, there has been little progress towards stabilising commodity prices, and mono-economies such as Zambia's, which is almost entirely dependent on copper for export earnings, have suffered as a result.

President Nyerere's speech was seen by many delegates as attempting to guide the meeting away from the tone of confrontation which sometimes characterises Third World pronouncements.

"So far," he said, "we have been negotiating as noisy and importunate supplicants, whose efforts at UNCTAD and other venues had brought "no fundamental changes in the world economic order." Even the most powerful members of the group, he said, remained "dependencies, semi-colonies at best, not sovereign states."

He described the Group of 77 as "a kind of trade union of the poor," whose goal was economic liberation. "On that goal there can be no compromise. But during the process of liberation it may sometimes be necessary to compromise: we have no desire to contract out of the world."

Unity was essential, he said, when sub-groups within the Group of 77, ranging from OPEC to the least privileged, "are inclined to take offers of special treatment or special representation and then, instead of using them as a base for further Third World advance, to lose interest in the wide struggle."

The President called for a permanent Group of 77 secretariat, saying that he was sometimes "appalled by the handicap" under which inadequately briefed Third World represenatives enter negotiations with "highly experienced" counterparts from developed countries.

Minister defends take-overs

By K. K. Sharma in New Delhi

NATIONALISATION of key industries in India was yesterday strongly defended by Mr. George Fernandes, Minister for Industry. He said he was convinced he would be able to persuade his Cabinet colleagues

At a Press conference here, Mr. Fernandes denied that he advocated nationalisation for political reasons or that it conflicted with the Janata Government's industrial policy

He gave three reasons for the nationalisation of key industries. First, nationalisation would lead to a reduction in the concentration of economic power. By this, he meant that the Government's commitment to break up the so-called "monopoly houses" would be carried out.

Second, the Government needed to have the ability to regulate industrial output. Third, there must be areas in which the public sector should be able to make its presence felt. He rejected the suggestion that well-managed and profit-making private companies should not be nationalised.

Mr. Fernandes thus made it clear that he plans to press his plans for nationalisation which he first mentioned at a Janata Party executive committee meeting last month. His views were then not accepted and the party formed a small group to examine them further. Mr. Fernandes, who is a former socialist and militant trade union leader, yesterday said he was certain that the group would endorse his views within two months.

However, the Minister made his position somewhat ambiguous when he justified his giving permission recently to the "monopoly houses" to start new units in such sectors as power generation and cement where shortages have developed. He said his decisions were "pragmatic" and were taken when he found there was no public sector or Government organisation willing or able to undertake the projects.

Mr. Fernandes was also confident of maintaining the growth rate in industrial production which is estimated at more than 8 per cent last year.

SWAPO rejects UN supervision

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH West Africa People's Organisation (SWAPO) the principal Black nationalist movement in Namibia (South West Africa), has refused to allow its guerrilla bases in Angola to be supervised by the United Nations during the planned election campaign in the territory, it was reported here yesterday.

The South African Press Association (SAPA) quoted a statement by Mr. Sam Nujoma, the SWAPO leader, made in the Angolan capital of Luanda after talks with Mr. Martti Ahtisaari, the UN special representative for Namibia.

Mr. Nujoma said in the statement that SWAPO was not prepared to reduce its guerrilla bases in the countries bordering Namibia, nor to put them under UN supervision. He also rejected a plan to establish reception centres in Namibia for returning Namibian refugees as "nothing more than concentration camps," SAPA reported.

The South African Government has called for some monitoring of SWAPO bases in return for its own willingness to confine 1,500 troops to base during the election process.

SWAPO's objections could cause problems for Mr. Ahtisaari in his efforts to find common ground for a ceasefire between South Africa and SWAPO guerrillas in the territory before the end of the month. But Mr. Nujoma insists that the South African demand for monitoring is a departure from the UN plan approved by the Security Council, whereas South African officials maintain that such action is implicit in the original western plan for elections in Namibia.

South African and western sources in Cape Town remain optimistic about the chances of agreement before the end of the month. In the meantime Judge Marthinus Steyn, the South African Administrator General in the territory, held talks in Cape Town with Mr. P. W. Botha, the Prime Minister, and South African officials. The meeting follows public disagreement between Judge Steyn and the Department of Foreign Affairs over the status of the existing South African-sponsored constituent assembly there.

China moves to relax state control

BY COLINA MacDOUGALL

CHINA is facing severe social and economic problems which the leadership is attempting to counter by reducing State control and liberating market forces.

Last week Shanghai and Hangzhou (Hangchow) were the scene of violent demonstrations by young people who had returned from the countryside to visit their families over the Spring Festival (Chinese New Year) and refused to go back.

The programme for sending city youth to the countryside, which has operated since the late 1960s, has proved very unpopular.

Shanghai radio reported that some young people "had deliberately blocked traffic, stopped trains, damaged public property and harassed public offices in order to attain their personal objective of staying in Shanghai."

Lack of urban employment partly lay behind the adoption of the "rustication" policy and a recent Peking poster made it clear that this remains a serious problem. Unemployment, said the poster, led to prostitution, gambling, robbery and black marketeering.

The leadership is trying to galvanise the economy to improve productivity and job prospects but it is facing knotty problems, highlighted in recent weeks by sporadic reports of hunger.

To promote production, Peking last week reversed more doctrines of the late Chairman Mao, slashing taxation on rural incomes and abolishing the nationwide agricultural mechanisation programme in favour of effort in selected areas. A conference in Sichuan recommended the adoption of a market economy alongside the planned economy to make production responsive to customers' needs.

A hint of further reforms was given last week by a Peking poster calling for the abolition of communes.

Deng continues to steal the show

Twice sacked from top posts and twice brought back, Deng Xiaoping (Teng Hsiao-ping) officially rates third in China's political hierarchy but increasingly acts like the top man. Colina MacDougall examines the manoeuvring behind his rise to power.

DENG XIAOPING (Teng Hsiao-ping), China's senior Vice-Premier, scored an unrepeatable first with his triumphant United States tour. Even if Chairman Hua Guofeng (Hua Kuo-feng) some day takes up the invitation proferred by President Jimmy Carter, it can never be quite the same. Deng, officially only third in the Chinese hierarchy—behind Hua and Li Xiannian (Li Hsien-Aien) — behaved and was received like a head of state, right down to the 19-gun salute on the White House lawn. Inevitably, Hua would be an anti-climax.

That increasingly seems to be the case in China. A convincing case can be made out for the growth of Deng's power at the expense of Hua's. While last year Deng disclaimed any desire to be premier—and he has never mentioned the office of chairman—the subsequent political manoeuvring has given him the leadership in all but name.

The question on the eve of the meeting of the National People's Congress is whether he is content with his status as power behind the throne or wants the full panoply of power.

The Congress is constitutionally empowered to choose the premier on the recommendation of the Central Committee. Chairman Hua is both party Chairman and Premier, posts which he obtained when Deng was in political disgrace. As the last Central Committee meeting (in December) enhanced Deng's position enormously, it is not out of place to ask whether he believes the time is ripe to get back the post for which he was groomed in 1975. He might even want to install a candidate of his own choice instead of Hua, who was Mao's nominee.

A formidable body of evidence is accumulating to show that Deng is outmanoeuvring not just the remaining Maoists on the Politburo (China's top policy-making body) but Chairman Hua himself. The latest evidence is the abandonment last week of the nationwide agricultural mechanisation programme, the one policy which can be attributed to Hua.

Since last December's Central Committee meeting, Hua's status has been reduced considerably. The meeting decided to stress collective leadership and drop unnecessary honorifics. As a result, he no longer gets his former Mao-style title "wise leader," and usually is called "comrade" rather than Chairman.

Most significantly, the standard phrase "Chairman Hua and the Central Committee" has been amended to give precedence to the Central Committee.

Deng's position is reinforced by the rehabilitation of all his old colleagues from the 1950s and 1960s whom Mao dismissed. Even Wang Kuang-mei, widow of Liu Shao-chi, the former Head of State, attended the official New Year party in January. So did Peng Zhen, mayor of Peking in the 1960s and a Cultural Revolution casualty. He is now said to be the chairman of Peking's revolutionary committee, the equivalent of his old job.

The most important promotion is that of Hu Yaobang (Hu Yao-pang), who at 63 is young enough to rival Hua (aged 57) for years to come. Last December he was appointed party secretary-general, and the post Deng held until his disappearance in 1967. He is an old colleague of Deng's and after a temporary eclipse he was back on Deng's staff in 1975, writing the economic programme for which his boss was attacked by the Gang of Four as a "capitalist roader." Recently, as head of the party's organisation department, he sacked almost all the provincial party bosses who owed loyalty to Mao and the Gang.

Where, amid this rehabilitated talent, is there room to keep the over-promoted officials who unexpectedly rose to the top in the Cultural Revolution? Already they are being shunted out.

The most notable victim is Wang Dongxing (Wang Tung-hsing), Mao's former bodyguard, who changed sides in 1976, arrested the Gang of Four and was rewarded—presumably by Hua—with the plum job of party Vice-Chairman. At the December Central Committee meeting he was deprived of all his executive powers.

This shift probably gives Deng a tight military grasp on Peking, an important prelude to even a bloodless coup.

Despite all this manoeuvring it has often been possible to argue that during the post-Mao struggle for succession, the Chinese leadership wanted stability. After the arrest of the extremist Gang of Four, the remaining leaders were prepared to compromise. Ideology would be toned down but not abolished and the interests of the economy would be paramount.

Hua Guofeng, this line of reasoning went, as Mao's choice for both premier and party chairman, was a compromise.

This theory looks less convincing with every day that passes. Even when restored to power in 1977, it seemed unlikely that Deng, twice sacked and twice rehabilitated, would forgive the humiliations he had endured.

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Mitterrand goes on the attack against his party challengers

BY TERRY DODSWORTH IN PARIS

ATTEMPTS TO paper over policy and personality differences in the French Socialist Party appear to have foundered on a decision by M. Mitterrand, the party leader, to take the battle to his principal challengers.

A turbulent and confused weekend meeting of the party's top level committee was followed yesterday by an uncharacteristically blunt comment from M. Michel Rocard, who now regularly leads M. Mitterrand in the opinion polls, to the effect that the party leader had not attempted to mend any bridges.

M. Rocard said that a policy document presented to the committee by M. Mitterrand as an effort to "synthesise" thinking in the party was much more like a declaration of hostilities.

This interpretation of the document has attracted general agreement. It is now assumed that M. Mitterrand's tactics are to bring the rifts into the open before the party congress in April, when he will lean heavily on the support of the left-wing CERES group, which accounts for about a quarter of party membership.

For the party bosses, the long-term anxiety is that this renewal of top-level factional fighting will damage the party's image, which already appears to have suffered from the impression of divisiveness being given in the Press.

There is also a possibility that the situation will be complicated further by moderate opinion in the party swinging behind M. Pierre Mauroy, the mayor of Lille. Tipped by several commentators as the man most likely to succeed in a presidential election against M. Valery Giscard d'Estaing.

Much of the argument in the past few days has been on esoteric procedural questions. But underlying this, two main questions face the Socialist Party, which nearly put M. Mitterrand into the Elysee Palace in the last presidential election.

The first is the personality differences which have developed in recent months between M. Mitterrand and M. Rocard. In his speech to the party committee, M. Mitterrand dropped some of his usually diplomatic front to criticise party leaders who were too ready to give their views to the media—an open reference to M. Rocard, who has used television and radio to build up his position.

The second problem is the divergence of policy between the Mitterrand and Rocard wings, accentuated by the latest Mitterrand "synthesis" which leans heavily to the Left on questions of nationalisation. M. Rocard is much more ready to accept a mixed economy, and wants a more open attitude towards European integration.

Steel protest day planned

BY DAVID WHITE IN PARIS

UNION LEADERS in Lorraine met yesterday to discuss tactics for Friday's steel strike, which threatens to snowball into a big challenge to Government policy for the reorganisation of the industry.

The strike is to be supported with marches to Paris from Lorraine and the North, the main centres of France's heavy steel industry. The Communist Party has called on workers in other industries to show solidarity by organising protests next week.

M. Andre Bergeron, leader of the politically moderate union, Force Ouvrière, said: "The Government will have to go back on the brutal nature of some of the measures it envisages." But M. André Giraud, the Industry Minister, said tough union action might endanger plans to create alternative jobs for the 21,000 workers who are due to be made redundant.

"Do you believe it is easy to attract industrialists to regions where Government offices are ransacked and managers kidnapped?" he asked.

The industry itself remains optimistic about reorganisation. M. Claude Etchegaray, chairman of the Usinor group, has said in an interview: "We will see the end of the tunnel in 1981." The social consequences had been over-dramatised, he said.

Austrian deficit reduced

BY PAUL LENDVAI IN VIENNA

AUSTRIA achieved a sharp balance of payments turnround last year. According to the newly published annual statistics, the current account deficit was cut from Sch. 28.9bn (£1.07bn) in 1977 to Sch 6bn last year.

Several factors were responsible for the improved performance. The fall in investment and private consumption, coupled with growing foreign demand, reduced the visible trade deficit from Sch 72bn to Sch 52bn.

National Bank figures show that exports were up 6.6 per cent to Sch 194.4bn while the import bill dropped 2.9 per cent to Sch 246.3bn. The Sch 9bn reduction in car imports following the introduction of a 30 per cent Value Added Tax from January last year played a major role.

The services account yielded a net surplus of Sch 28.8bn, up Sch 6.6bn from 1977. Net foreign exchange gains from tourism rose from Sch 24.6bn to Sch 31.3bn. As a result, the current account deficit was down from Sch 49.1bn to Sch 21.9bn.

After deducting the so-called statistical difference (leads and lags) of Sch 15.9bn, against Sch 20.2bn in 1977, a net deficit of Sch 6bn remained on current account.

Romania energy concern

BY ROGER BOYES

ROMANIA WILL face an energy crisis in the 1980s which may undermine its independent position within the Warsaw Pact. This is the import of an unusually frank news conference given in Bucharest at the weekend by Mr. Constantin Nita, a deputy minister in the Foreign Trade Ministry.

He warned that if new oil deposits were not found soon, the country's reserves would dry up within 10 years. Romania is the second largest oil producer in Comecon after the Soviet Union, but ambitious industrialisation plans have made increasing demands on the country's reserves.

"It's a very difficult problem. We don't try to conceal it. We seek relations with all (oil-producing) states," said Mr. Nita. He said that Romania, already a small net importer, would have to broaden its sources of crude purchases.

But, most significantly, he made it clear that Romania would not rule out importing crude from the Soviet Union. Until now, Romania has imported no oil from this source, apparently in the belief that this would undermine its independent line within the Soviet bloc.

Romania has been receiving natural gas from the USSR since the beginning of the year by means of a pipeline which crosses the country to Bulgaria. But Western analysts believe that Soviet oil imports would force Bucharest to make substantial political concessions.

Hopes dim for political compromise in Italy

By Rupert Cornwell in Rome

SIG. GIULIO ANDREOTTI, the Italian Prime Minister designate, today begins a second round of consultations to try and rebuild a government majority, amid mounting pessimism over his chances of success, and thus of avoiding early general elections.

Preliminary soundings last week failed to produce any new grounds for a possible compromise between the two major parties, the Christian Democrats and the Communists. Over the weekend, both camps appeared to harden their positions further.

A fortnight after the Communists pulled out of the five-party parliamentary majority supporting Sig. Andreotti, the Communist chief whip, Sig. Alessandro Natta, flatly restated his party's demand for direct ministerial portfolios in a new government.

In doing so, he virtually ruled out the one compromise that has been floated—that of an administration made up of Christian democrats and so-called "technocrat" ministers picked by the other four parties in the majority.

Such a formula has been implicitly rejected by Christian Democrat leaders—and not only by the hard-line wing of the party keen to force an electoral showdown with the Communists—who argue that it would be little more than thin camouflage for direct participation by the Communists.

The result is that despite his own public hopefulness, and the proclaimed hostility of all parties to early elections, Sig. Andreotti has less room than ever in elaborating detailed proposals to rebuild the former five-party alliance.

The possibilities seem to boil down to no more than an offer to renegotiate the future government's programme, including the recently published three-year economic recovery plan, and minor structural changes in the administration acceptable to his own party.

With an end to the crisis apparently further off than ever, attention is focussing on the Socialists. Caught in the cross-fire between the two major parties, they have been the most ardent backers of a mixed Christian Democrat-technocrat government.

If the Communists cannot be lured out of opposition, the chances of forming a new Christian Democrat-led government depend on the support, or at the very least the abstention, of the Socialists, the third largest party with 57 of the 630 parliamentary seats.

In the past few days, however, signs of strain have surfaced in the party's own ranks, between those ready to acquiesce in tacit backing for the Christian Democrats and those who believe the Socialists should follow the Communists into opposition, even if the certain consequence would be early elections.

Strikes hit Portugal flood rescue efforts

By Jimmy Burns in Lisbon

PORTUGAL'S telephone workers were yesterday moving towards a clash with the Government as their nationwide strike entered its seventh-day and hampered efforts to deal with the country's worst floods in over 40 years.

Union leaders criticised the Government for threatening to issue a decree permitting the dismissal or suspension of workers unless they returned to work. The Government was awaiting the outcome of a union vote before deciding whether or not to crack down on the strikers.

Officials said yesterday the Government was considering drafting strikers into the army and using the armed forces to provide emergency services.

Troops were already working overtime at the weekend helpin gto evacuate more than 2,000 people hit by four days of torrential storms throughout the country.

Damage to livestock and crops is said to have been worst in the Ribatejo, one of Portugal's main agrarian belts. Reservoirs and power stations weer also hit.

BP reassures Bonn over Veba oil

BY ADRIAN DICKS IN BONN

BRITISH PETROLEUM has assured the Bonn Government that in the event of crude shortages, the West German oil company Veba would be treated as if it were a full BP associate, should the two groups be given the green light for their ambitious DM 800m (£216.1m) exchange of interests.

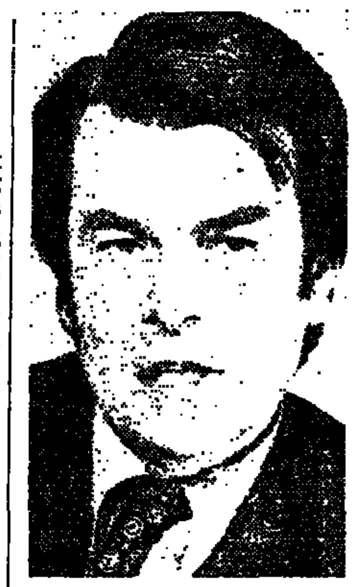
The assurances are understood to have been given by Mr. Christopher Laidlaw, a managing director of BP who is also chairman of the Deutsche BP supervisory board in a letter to Count Otto Lambsdorff, the West German Economics Minister. Ministry officials had sought clarification from BP about the dependability of the 3m tonnes a year of crude supplies that BP intends to sell Veba under the present circumstances, given that the BP group has warned all customers of an impending 45 per cent cut in supplies.

Mr. Laidlaw is understood to have told Count Lambsdorff that if the Minister approves the BP-Veba deal, it would come into force on January 1, 1980. By this time BP would hope to have adjusted crude supplies to its associates and subsidiaries to make up for any continued shortfall of Iranian production.

Should supply difficulties continue, Veba could expect, under the planned agreement, to be treated as favourably as any BP associate, although not even these could be guaranteed 100 per cent of their needs in times of shortage.

Security of supply has been stressed by Deutsche BP and Veba as the gain to the public interest from their projected deal that would offset any problems under the cartel acts. That argument has come in for some sharp questioning since the BP warning to customers 10 days ago.

Meanwhile the way is looking a little clearer for Count Lambsdorff's decision, following the apparent resolution of an important side issue in the case. This was the agreement of Deutsche BP and Ruhrkohle to accept limits placed by the Cartel Office on the letter of intent drafted by the two companies. The letter set out terms under which they would co-exist as shareholders in Ruhrgas. The cartel authorities had been worried about the implications for competition in the energy market if Ruhrgas, the biggest company in the gas importation and distribution industry, should fall under the control of producers of competing fuels.



Dr. David Owen

Owen counters Spiegel's grim view of UK

By Jonathan Carr in Bonn

A VIGOROUS defence of Britain has been launched by Dr. David Owen, the Foreign Secretary, in Der Spiegel, a West German magazine which for weeks has been drawing a gloomy picture of life in the UK.

In a four-page contribution to this week's issue, Dr. Owen compared the magazine's series on Britain with a Hollywood film

Britain spent more as a percentage of GNP on development aid than did West Germany, he said. The British strike record was not as bad as Spiegel suggested, and Britain's concentration on high technology was greater than the magazine admitted.

As for West German complaints about being the (financial) milk cow of the European Community, Dr. Owen pointed out that German cows seemed to do very well out of the Common Agriculture Policy.

It is highly unusual for a government member to be given so extensive an opportunity to make a rebuttal in Spiegel, a magazine famed for its ability to comfort the afflicted and to afflict the comfortable.

The magazine series under the title "Sick Britain" has drawn a picture of a people clinging to memories of empire while incomes and productivity have declined compared to those of major competitors.

Court rules today on Roche vitamins case

BY GILES MERRITT IN BRUSSELS

THE European Court of Justice today hands down a judgment that will end one of the EEC's longer running sagas. It is to rule on the appeal lodged with it almost three years ago by Hoffman La Roche, the Swiss-based pharmaceutical concern, against the Brussels Commission.

Behind the careful legal phrases of the case there lies a tale of corporate muscle in the market place, personal betrayals, official probing and a fine of more than DM 1m imposed by the European Commission on the company.

If the opinion handed down last September by the Advocate-General in his recommendation to the court is any guide, Hoffmann La Roche's appeal against that fine will be successful, but the Commission's decision that the company abused its dominant position in its commercial policies in the Community will be upheld.

The Advocate-General concluded that in the absence of "sufficient substantiation" the DM 1.098m (£297m) fine levied by the Commission in June, 1976, should be annulled, but that the company was nevertheless guilty of infringing Article 86 of the Treaty of Rome by abusing its dominance of the vitamins market. More often than not, the court's ruling follows closely the Advocate-General's recommendation.

The human side of the Hoffmann La Roche case is also, coincidentally, to receive an airing in Luxembourg today. For the proceedings initiated against the Swiss multinational by the Commission were largely based on confidential information that Mr. Stanley Adams, a former Roche employee, handed over to Commission officials.

Mr. Adams produced documents relating to his employers' contractual relationships with the 22 largest European buyers of bulk vitamins and it was that indication of tactics designed to exclude Hoffmann La Roche's main competitors that formed the basis of the Commission's "cease and desist" decision and fine.

Mr. Adams was subsequently convicted of a serious breach of Switzerland's laws on commercial security, but disquiet over the implications of his case persists, and the Socialist group in the European Parliament has tabled a series of questions on it to the Commission at the current session.

Much of the "affaire Adams" may rumble on, the details of his disclosures are a matter of record. Through the use of "loyalty bonuses," Roche secured up to 95 per cent of the market of some of the vitamins it supplies to the drugs, foods and animal feedstuffs industries. Of the seven groups of vitamins in question, its lowest market share was 47 per cent.

In addition to securing its customers through the "prime de fidelité," the Swiss company also allegedly used what has been described as an "English clause," which demanded that it should be notified of other vitamins manufacturers' attempts to undercut contract prices.

The Advocate-General found that the Commission's analysis of Hoffmann Le Roche's abuse of the dominant position was well founded for six of the seven vitamin groups.

Japanese contest EEC dumping levy

BY OUR BRUSSELS STAFF

A TEST of EEC anti-dumping procedures by five Japanese bearing companies is to be the subject of a preliminary opinion by the European Court's Advocate-General in Luxembourg

The case concerns an estimated $5m in anti-dumping duties levied by the European Commission in 1977. The Japanese are seeking the restitution of the 15 per cent duties imposed for six months in 1977 between the opening of an investigation into dumping complaints by the Commission and the time when the Japanese agreed to raise their prices by 20 per cent.

The five Japanese companies concerned are Koyo Seiko, ISO, Nachi Fuji Koshi, NTN Toyo and Nippon Seiko. NTN Toyo and Nippon Seiko have taken out injunctions restraining the levying of EEC duties pending the outcome of the case.

The Advocate-General, whose conclusions often provide a reliable indication of the court's eventual ruling, is to outline his recommendations on Wednesday.

The Japanese argue that the Commission should not be entitled to retain the provisional anti-dumping duties. But the matter is complicated by reports of further complaints from the European bearing industry. The Commission is considering a further anti-dumping investigation

Between 1974-76 Japanese sales of bearings to the EEC jumped 40 per cent, giving Japan a market share of almost 17 per cent. Japanese prices are said to have been up to 52 per cent less than those of domestic manufacturers.

Euro-African dialogue boycotted

BY GODFREY GRIMA IN MALTA

EFFORTS BY the 35-nation Conference on Security and Co-operation in Europe (CSCE) to establish a direct dialogue with the non-European Mediterranean states appeared to have failed today, as a six-week meeting of European experts on Mediterranean affairs opened in Valletta this morning with most non-European countries boycotting the event.

Only three of the eight non-Eurocpan nations invited to Valletta arrived: Israel, Egypt and Morocco. The rest—Syria, Lebanon, Algeria, Tunisia and Libya—stayed away, possibly because they would not be guaranteed full participation in the conference. Their absence appears to be a disappointment for the Government of Mr. Dom Mintoff, Malta's Prime Minister, whose strategy is still to make Malta a bridge between Europe and Africa.

The Valletta conference is one of a series at expert level before the second review of the Helsinki agreements in Madrid in November, 1980.

The Valletta conference, in which 260 European experts are participating, will discuss only cultural, scientific and economic relations with Mediterranean countries, with every effort being made to steer clear of political controversy. No agenda for the discussions, which will take place in camera, has yet been drawn up. Most delegations wil be making their own proposals on how to improve relations to the benefit of Mediterranean states. Yesterday, Malta called a meeting of delegates from Mediterranean countries, probably to discuss a common strategy.

The Valletta meeting is the direct result of Mr. Mintoff's insistence, at Helsinki and Belgrade, that the CSCE should concentrate on the problems of Mediterranean countries.

Depite every attempt to ward off political debates, such sensitive issues as the dispute between Greece and Turkey over the Aegean and Malta's own demands for substantial economic assistance from Europe could upset the Valletta meeting.

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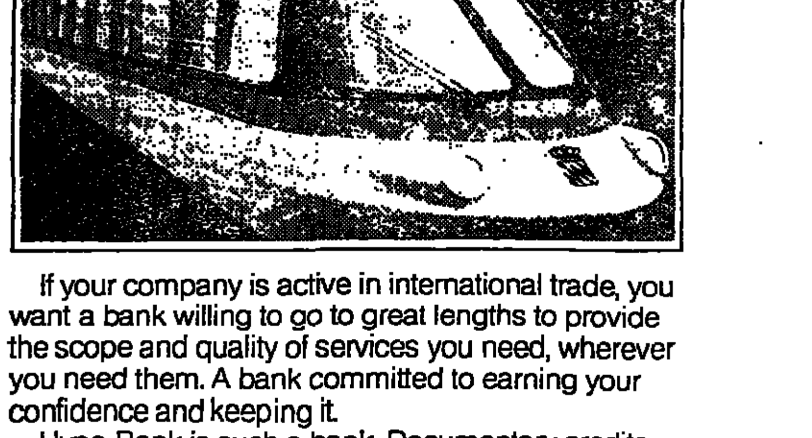

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AMERICAN NEWS

Carter claims 'worst is over' on price increases

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER said yesterday that he did not expect the sharp jump in wholesale prices in January to be repeated in the months to come, as his counter-inflation programme began to take hold.

Addressing a Press conference in the wake of last week's news that the wholesale price index rose in January by 1.3 per cent—the biggest jump in over four years—the President claimed he had warned last autumn that inflation might get worse before it got better. Yesterday he appeared to be saying that the worst was almost over.

The bad inflation news in January was "a very clear message to our nation that we cannot shrink from making tough decisions which are needed to bring inflation under control," he said.

Specifically, he urged Congress to hold the line on public spending, and as an example of his general contention that special interest lobby groups should be resisted, he again asked the legislature to pass laws limiting rises in hospital costs, which the *medical lobby* is opposing.

The President claimed that the anti-inflation programme was already working. On wages, he cited the recent settlement by the chemical and oil workers within the 7 per cent pay norm, one of the few *Administration* successes so far with the trade unions.

On prices, he said the Council on Wage and Price Stability would now move vigorously to monitor compliance with the price standard, which calls for a deceleration of price increases by companies, is due to come *into effect on February 15.*

Mideast summit possible

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT CARTER yesterday left open the possibility of a second summit meeting with Prime Minister Menahem Begin *of Israel and President Sadat* of Egypt, if the forthcoming Ministerial talks on a mid-East peace treaty *failed to break the* deadlock.

Mr. Cyrus Vance, the U.S. Secretary of State, is due to meet the Egyptian Vice-President and the Israeli Foreign Minister at Camp David on February 21. These talks could resolve the remaining obstacles to an Egyptian-Israeli treaty, Mr. Carter said, if both sides showed a strong commitment to peace and flexibility in achieving it, and if the participants were isolated, as they will be at Camp David, from the pitfalls *of publicity.*

The President said he expected both Mr. Mustafa Khalil and Mr. Moshe Dayan to report back afterwards to their governments. If, after all this, no breakthrough was in sight, Mr. Carter said he would be prepared to call another summit.

California farm pickets called off

By Our Washington Correspondent

Mr. Cesar Chavez, president of the United Farmworkers' Union, has temporarily called off pickets in an attempt to quell the growing violence in the four-week-old lettuce-pickers' strike.

A picket was killed at the weekend in one of many clashes *with lettuce growers in California's* Imperial Valley, which normally produces about 90 per cent of the U.S. winter lettuce crop.

The growers have asked Mr. Jerry Brown, the Governor of California, to send the National Guard to restore order. The dispute, over wages, has halted a third of Imperial Valley's production.

Israel expects bank details

By L. Daniel in Tel Aviv

ISRAEL'S CENTRAL bank, the Bank of Israel, expects to receive details soon of the interests represented by Mr. John Marsh of Gainesville, Virginia, who recently bought a third of the stock of the First International Bank of Israel from the First Pennsylvania Corporation.

If fuller details are not forthcoming "within a reasonable time," the banking law now before the Knesset (parliament) will be applied to the deal, *according to a senior central* bank official on Israeli Radio yesterday.

Indiana refinery fire

A fire was blazing early yesterday at an Amoco refinery in Whiting, Indiana, forcing Amoco to close all but three of the refining units. The fire had been contained by fire walls, Amoco said, and there were no injuries. David Lascelles writes from New York: No processing units were damaged at the refinery, which produces premium unleaded petrol which is in very short supply.

Montreal Star back on streets

BY ROBERT GIBBENS IN MONTREAL

THE MONTREAL STAR, one of Canada's largest-circulation newspapers, reappeared on the streets yesterday after an absence of almost eight months. Management reached an agreement 10 days ago with three major unions on the issues of press manning, technological change, union jurisdiction and pay.

The paper was shut after 90 pressmen, members of international printing and graphical unions, walked out and put up picket lines. The issue was over the number of men required to man the presses. Printers refused to cross the picket lines and the company laid off several hundred editorial, advertising and other employees.

The eight-month stoppage was one of the longest in North America newspaper industry history. During the Montreal strike, the New York Times was halted on the issue of technological change and manning for eight weeks. The Vancouver Sun and the Vancouver Province were also halted over the same basic issues.

In the Montreal Star dispute, compromises were made by both sides and the pressmen and other mechanical trades won a four-day week of 32 hours. Journalists and others remain on a five-day week but with reduced hours. By 1981, printers and pressmen will earn a basic C$472 a week and senior journalists C$512. Management will continue to install new computer-typesetting equipment, ironically more of a threat to printers' jobs than to the pressmen who began the stoppage.

○ The French Prime Minister, M. Raymond Barre, refused to give more than an expression of general support for Quebec and Francophones when he met Premier Rene Levesque in Quebec City on Sunday. M. Barre had arrived in the province from Ottawa and first met Mr. Levesque in a Montreal suburb. In public comment he was careful to stress family ties between the Francophones of Quebec and the French people.

THE CARTER ADMINISTRATION

Red faces at the White House

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER and his Administration have just endured a dreadful week. It was so bad, in fact, that it is worth drawing up a catalogue of misfortunes to determine if there is a common thread that binds them.

The foreign exchange markets, never the repository of great understanding, had at least genuine cause for confusion as well as fear last week. In the space of two days, they had to digest three senior members of the Administration talking publicly at apparent cross-purposes.

Initially, there was Dr. James Schlesinger, the Energy Secretary, gloomily forecasting that the global problems stemming from the unrest in Iran were "prospectively more serious" *than those created by the 1973-*1974 Arab oil embargo. Having knocked the dollar sharply downwards, he was corrected by Mr. Michael Blumenthal, the Treasury Secretary, who used to be accused of the same offence. Mr. Blumenthal, on this occasion, said his colleague was unduly gloomy and that the Administration remained committed to upholding the value of the U.S. currency. Straddling these two, Professor Alfred Kahn, the inflation adviser, was warning of the grave impact that removing federal controls over domestic oil pricing could have on the cost of living, an assessment that was given added point when the January Wholesale Price Index soared by 1.3 per cent, the worst month in four years.

AT LOGGERHEADS: Dr. Schlesinger and Mr. Blumenthal.

Division was not confined to the economic front. The White House obliged to dissociate itself, albeit gently, from a comment by Mr. Andrew Young, the UN Ambassador, that the Ayatollah Khomeini was some *form of Saint.* President Carter also ordered the State Department to stop bickering publicly with Dr. Brzezinski and even Mr. Carter's own White House adviser on the aged, Mr. Nelson Cruickshank, told Congress that he disagreed with the Administration's budget provisions cutting some social security benefits. Mr. Bob Bergland, the Agriculture Secretary, first criticised the splinter group of striking farmers, whose tractors are now desecrating Washington's mall, for being "greedy" and then apologised.

A couple of public opinion polls showed Mr. Carter's popularity slipping back to pre-Camp David lows. *Real and* imagined candidates for his job began grabbing all the headlines: even Democratic Senators like Mr. Frank Church and Mr. Adlai Stevenson weighed in with sharp indictments of his Administration, while, in the pages of The Economist, Dr. Henry Kissinger fulminated about the decline of American influence. Mr. Harold Brown, the Secretary of Defence, was dispatched to comfort the *Saudis, but there was a pervasive* sense of frustration about the apparent U.S. inability to influence the course of events in Iran or in the Far East, where China, USSR and Vietnam were escalating their bellicosity. Congress was muttering that the U.S. had failed sufficiently to ensure the integrity of Taiwan. Whatever confid*ence might have flowed from* the visit of Deng Xiaoping, the Chinese leader, to this country was evaporating, with Mr. Deng himself, away from U.S. shores, returning to the theme of American strategic retreat. To make matters worse, Billy Carter, the *President's renegade* brother, seemed ever more intent on giving the House of Carter a bad name.

Pendulum

It is true, of course, that the Carter Administration has experienced worse weeks and has survived them. The political pendulum swings a lot these days, as witnessed by the fact that two months ago, after the Democratic Party's mid-term convention *in Memphis,* the President was riding high.

Moreover, there are partial explanations for the intra-Governmental divisions of the last few days. The most important of these is that all those in the news were essentially speaking to particular constituencies: Dr. Schlesinger's brief *is energy* conservation, Mr. Blumenthal addresses a global audience, Professor Kahn focuses on inflation, Mr. Cruickshank is an advocate of the aged (and stressed that he was speaking in a personal capacity with the the *full approval of the White* House), while Mr. Young's constituency is eclectic. Dr. Brzezinski has been very cocky of late after the rapprochement with China and has perhaps been a little too dismissive of the concerns of those who have *questioned* the impact of normalisation on relations with the Soviet Union, especially over the conclusion of long-delayed strategic arms limitation (SALT) agreement.

Additionally, Washington is a place which arguably focuses too much attention on who is up and who is down in town. Dr. Schlesinger is currently in *relatively low esteem, accused,* with some justification, of running a poor department and of needlessly ruffling Congressional feathers. His global view, reflecting his service in previous Republican administrations, is also more alarmist than that of many of his current colleagues. Mr. Blumenthal's standing, on the other hand, has risen in the last few months, *from a low* level and he is now considered a genuine heavyweight. But this *has not removed his own sense* of introspection, as his candid reflections in last month's *Fortune magazine on the illusions* and limitations of power graphically demonstrated.

Intellectual

But, even in these introspective times, it is still incumbent *on the chief executive to give* coherence to the disparate elements in his team. Whatever Mr. Carter's intellectual prowess, whatever his private negotiating talents (displayed at Camp David, for example), the President quite simply does not like to "knock heads" in public. It was with great overt reluctance that he let go, under clouds of scandal, Mr. Bert Lance, his Budget Director, and Dr. Peter Bourne, his health *adviser.* The only person he has unceremoniously booted out was Mrs. Bella Abzug, the militant feminist, and she was only serving in an advisory unpaid capacity. Most presidents like to change their cabinet after a couple of years but, Mr. Lance apart, Mr. Carter's Administration is as it was with no immediate prospects of a reshuffle except for Mr. Griffin Bell, the Attorney General, who is known to want to leave later this year.

Exactly what Mr. Carter should do about this is unclear. He could engage in knocking heads, changing his team, or locking up his brother in a White House basement. On the other hand, he could continue *to apply himself as he has done,* often with some success, for the last two years. But a few more weeks like the last and the wolves will be howling outside his door.

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WORLD TRADE NEWS

Argentines seek UK co-operation in energy

By Hugh O'Shaughnessy

MUCH INCREASED technical co-operation between Argentina and Britain on nuclear and other energy matters is forecast by Captain Francisco Manrique, a former naval *officer and leading Argentine* political figure.

Capt. Manrique left London at the weekend after a tour of British energy facilities, including the Hunterston nuclear power site in Ayrshire and one of the most northerly oil rigs in the North Sea, as the guest of the British Government.

Argentina was following a similar path in the development of its nuclear capabilities as Britain followed after the war, he said, relying on its own nuclear know-how without great outside assistance.

"Argentina needs technological partners and Britain should be among the most important of them," Capt. Manrique said.

Despite the awarding of major orders for nuclear plants and warships to West Germany there was much opportunity for continuing technological sales from Britain, he added.

According to Rear-Admiral Carlos Castro Madero, chairman of the Argentine National Atomic Energy Commission, Argentina's nuclear programme will not suffer any cuts this year. José Martinez de Hoz, the Economy Minister, is seeking to reduce the budget deficit from last year's 979bn pesos ($970m) as part of the fight against inflation which in the month of January reached 12.8 per cent.

India to alter trade policy

By K. K. Sharma in New Delhi

THE INDIAN Government is to introduce major changes in its foreign trade policies from April 1 and among these is the announcement of an export-import policy that will be valid for three years *instead of the customary one.*

The changes have been taken on the basis of the recommendations of a high-level committee headed by the former Commerce Secretary, Mr. P. C. Alexander, and reflect the growing confidence *of the Government in economic* management because of foreign exchange reserves of more than $6.5bn.

Under the changes to be announced, it is expected that the cash compensatory support scheme for exports will also be valid for three years, except in the case of certain textiles and jute products.

India's exports are running well below last year's level and a large trade deficit of more than $1.2bn is anticipated in the current financial year.

EEC-consortia plan approved

BUSINESSMEN FROM the European Economic Community and India have agreed on a "consortia approach" for implementing engineering projects in third world countries and also on promoting joint ventures wherever *possible.*

This emerged after two days of discussions between 87 European businessmen, including many from major companies in Britain, West Germany, France and Italy, and representatives of the Engineering Export Promotion Council of India.

U.S. 'near agreement' on GATT tariff reductions

BY BRIJ KHINDARIA IN GENEVA

THE UNITED STATES has surprised its co-participants in the Tokyo Round negotiations here by announcing that it has almost finished its bilateral talks on *industrial tariff cuts with the* main trading partners.

The acting head of the U.S. delegation to the Multilateral Trade Negotiations, Mr. William Culbert, has informed Mr. Olivier Long, director general of the General Agreement on Tariffs and Trade (GATT), that the U.S. Administration has completed industrial tariff bargaining with several countries and expects remaining talks to reach a conclusion by the end of this month.

Mr. Culbert's letter to Mr. Long has been circulated to the other main delegations here, some of whom expressed surprise because they consider that the tariff talks to be far from complete.

The aim of the talks is to decide the average across-the-board level of tariff reductions on industrial products to be implemented by Tokyo Round participants after accord is reached. At the same time agreement must be reached on the exact tariff cuts each country will offer on specific products over an agreed time period.

In his letter, Mr. Culbert states that the industrial tariff cut talks conducted by the U.S. have reached the stage where his delegation is considering the technical changes it must make to lists of tariff offers it submitted earlier to the GATT secretariat and to other interested countries.

He estimates that the bringing up to date of the lists, called Schedule 20, should take until the end of this month, and that they should be ready in final legal form by mid-April.

The bargaining on the level of tariff cuts is perhaps the most complex in the entire Tokyo Round package because of the thousands of individual items which must be discussed.

The timing of Mr. Culbert's letter appears to be aimed more at Congress in Washington than *at co-participants in the Tokyo* Round. His action is in support of Mr. Robert Strauss, President Carter's trade envoy, who opened a long-awaited campaign in Congress on February 7 to convince legislators that they should allow allegedly subsidised imports from the Common Market to enter the U.S. without penalty until the Tokyo Round package is completed in Geneva.

To back the move and to put pressure on other participants in the Tokyo Round the U.S. delegation is trying to give the impression that its part of the *negotiations here is almost* complete.

The Common Market has flatly refused to take the final steps towards agreement on the *various elements in the Tokyo* Round unless Congress gives the Administration the authority needed to waive imposition of countervailing duties on subsidised imports.

Diplomatic sources said here that the U.S. has reached agreement in principle on the industrial tariff cuts with most of its developed country trading partners except the European Community with whom it still has fundamental differences concerning such key sectors as chemicals, steel and textiles.

Dutch uphold Arab boycott terms

BY CHARLES BATCHELOR IN AMSTERDAM

HOLLAND CO-OPERATES extensively with discriminatory trading conditions laid down by Arab countries as part of their boycott of Israel. Dutch companies are ready to sign declarations that they do not have links with Israel while official Dutch institutions are willing to approve these documents, a special Netherlands Parlia*mentary Commission* has reported.

After studying the effects of the Arab boycott for nearly a year, the commission said it concluded that many companies were willing to meet the demands from Arab countries, while Chambers of Commerce and the Foreign Ministry were willing to vouch for the *authenticity of these statements.*

Dutch banks are prepared to co-operate in so far as they will accept documentary credits in payment for Dutch companies *which are conditional on the* concern having made a declaration that it has no links with *Israel.*

Companies also provide baptism certificates for their employees to show they are not Jewish and have "voluntary" *agreements not to send Jewish* employees to Arab countries, the commission said.

The Netherlands Credit Insurance Company, a private institution *which insures commercial,* risks and reinsures political risks with the State, *has a clause in its policies which* allow it to refuse to meet claims if payment is refused on the grounds that the boycott conditions were not met.

Saudi Arabia has removed Vickers, the British defence *and aviation contractor,* off its list of prohibited foreign companies under the Arab Boycott of Israel, our Jeddah correspondent writes. Vickers was blacklisted by the Arab League Boycott Office for the supply of military equipment *to Israel in the early 1970s.* Eighty-five Vickers affiliates worldwide have also been removed from the Saudi boycott. The Saudi Ministry of Commerce also delisted James Scott and Co., the British electrical engineering con*cern, and 18 affiliates.*

The Commission admitted that it was difficult to assess the impact of the boycott on business carried out by Dutch companies but while Arab-Dutch trade had grown strongly in recent years, growth of trade with Israel had been much slower.

The Commission made no firm recommendations but suggested something could be done about the co-operation of official bodies in the practice while companies could be required to report any requests to comply with an Arab boycott.

All the major parliamentary parties have called for speedy action *to put an end to discrimination* against Dutch Jews, while the special Commission proposed a parliamentary debate.

However, the two largest Dutch employers' organisations, the VNO and NCW, say that *any proposed measures should* be weighed carefully in view of Holland's extensive trading relations with the Middle East. They warn, for instance, that measures possible in the U.S. are not necessarily appropriate in a country like Holland.

Domestic banks assist Sudan

BY JAMES BUXTON

COMMERCIAL *banks in Sudan* are making an emergency loan of $36m to the Central Bank to *enable* the Government to buy badly needed crude oil and fertiliser.

The shortage of fuel has caused lengthening queues at filling stations in the capital Khartoum and the oil refinery in Port Sudan has been closed *for the last few days for lack of* crude oil to process.

The crisis in supplies of fuel and fertiliser is the result of a critical shortage of foreign exchange held by the Bank of Sudan, the central bank.

To a large extent this is because *Saudi Arabia has not* paid up two instalments totalling $84m of a $300m loan on *soft terms for balance of payments* support agreed last September. Some $200m of this was earmarked for buying crude oil, for which Sudan's main supplier is Iraq.

It is believed that the main *reason why the two Saudi loan* instalments, the first of which was due last November, have not been paid, is that Saudi Arabia felt, at least until recently, that Sudan was not negotiating earnestly enough with the International Monetary Fund on a three-year *extended* fund facility, to follow the letter of intent Sudan signed with the *IMF last June.*

However, preliminary formalities with the IMF have now been completed and a team from Washington is to arrive in Khartoum on Thursday. The start of negotiations should help clear the way for Saudi *Arabia to pay the loan installments.*

In the meantime, however, Sudan's short-term financial problems have become acute. Iraq, whose crude is most appropriate for the Port Sudan refinery, refused to make any more deliveries until it was paid.

In the last few days the Bank of Sudan arranged with the five Sudanese commercial banks, plus the National Bank of Abu Dhabi and Citibank, which have branches in Khartoum, for a two-month $36m facility at commercial *rates of interest.*

At the same time Egypt is *reported to be sending 125,000* tons of crude to Port Sudan, while late last week President Jaafar Mohammed Nimairi visited Jeddah for talks with senior Saudi officials which are thought to have centred on the balance-of-payments support issue.

Commercial banks in Sudan are allowed by the central bank to retain a percentage of the foreign exchange in which they deal. By lending $36m to the Bank of Sudan they are making it more difficult for *themselves to meet other* commitments.

NEWSPRINT PRODUCTION

Report discounts N. American glut

BY MAX WILKINSON

FEARS THAT extra newsprint capacity now planned in North America will lead to a glut on *the market are discounted* in a report from stockbrokers Buckmaster and Moore.

The report, by Philip Field, says that recent announcements of capacity increases had given rise to fears that the market would not be able to absorb the output from a new 155,000-ton machine which is planned by Bowater in 1980.

His report, *however,* says that the demand for newsprint in the U.S. and Canada is likely to match the increase in capacity, although operating rates may decline from the present 100 per cent of capacity to about 95 per cent.

Mr. Field *says* total North American newsprint capacity is expected to expand 4.1 per cent in 1980 and 5.5 per cent in 1981.

He says: "These rates are not only very much higher than the 1.6 per cent annual average increase seen over the past 10 years, but also *comparable* with the rates of increase seen during the worst trading periods of the previous decade."

Most of this new capacity is to be built in the southern States of the U.S., where additions to capacity are expected to reach a *rate* of 15 per cent in 1980 and 1981. One of these additions will be by Bowater, which will bring a new 155,000-ton machine into operation in 1980 at its Calhoun mill in Tennessee.

However, the Buckmaster and Moore report says that the additional capacity is unlikely to reduce operating rates enough to produce a significant weakening of newsprint prices in the early part of the next decade.

"Even in the southern states, where addition to capacity is expected to be greatest, the *new machines will do little* more than displace Canadian supplies," the report says.

Over the past decade, U.S. consumption of newsprint has increased by about 2.2 per cent a year compared with a growth rate of about 2.8 per cent a year *in the U.S. economy. The report* says, however, that demand for newsprint has grown faster than the economy as a whole in all years except 1974 and 1975 *when demand* was depressed by exceptional factors including strikes.

From this, the report concludes that, barring *exceptional* circumstances in the future, demand for newsprint will somewhat outstrip the growth of the economy.

So, assuming growth rates of between 2.5 per cent and 3 per cent for the economy, the report expects the total North American newsprint market to expand from the current level of around 13.6m tons to 15.4m tons by 1982.

Against this the expected capacity in North America by *1982 is put at 16m tons, of* which 10.5m tons will be in Canada and 5.5m tons in the U.S.

The southern states account for 58 per cent of Bowater's North American newsprint production and 58 per cent of its sales. In this area, Buckmaster and Moore estimate that demand will increase 15 per cent between 1978 and 1982 from 3.2m tons a year to 3.7m tons.

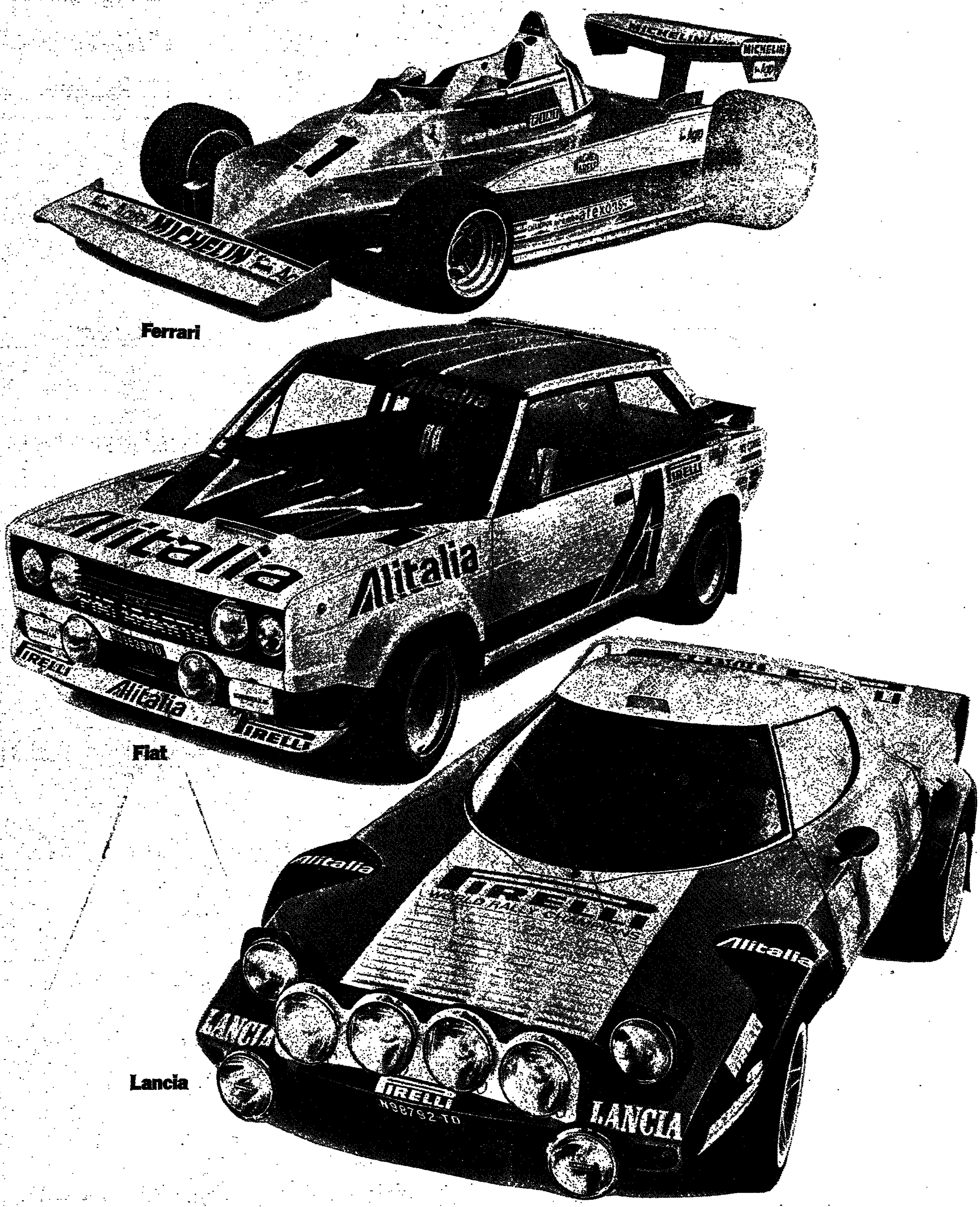
The report says: "Demand in the southern states alone will probably be sufficient to support the substantial increases in capacity planned for that area." Consequently it suggests that Bowaters' prospects in the *North American markets should* be viewed with "guarded optimism."

* *"The North American Newsprint Industry", Buckmaster and Moore, Stock Exchange, London, EC2.*

ANNOUNCED CAPACITY EXPANSIONS

Location	Company	Capacity tons	Start-up
U.S.			
Washington (West)	Weyerhauser-Jujo	210,000	late 1979
Georgia (South)	Southeast Paper	156,000	late 1979
Tennessee (South)	Bowater	155,000	early 1980
Virginia (South)	Bear Island	160,000	mid 1980
Louisiana (South)	Boise Cascade	180,000	early 1981
Georgia (South)	Gilman	140,000	early 1981
Oregon (West)	Publishers' Paper	210,000	mid 1981
CANADA			
Newfoundland	Abitibi (Labrador Linerboard)	135,000	early 1981
British Columbia	Mac Millan Bloedel	190,000	mid 1981
British Columbia	Crown Zellerbach	200,000	mid 1983

Source: Buckmaster and Moore from trade publications



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FIAT

UK NEWS

More oil groups put up prices

By Kevin Done, Energy Correspondent

MOBIL, Total and Petrofina have raised the price of oil products in the UK by an average of almost 9 per cent or 2.5p a gallon.

The increases are expected to push up the price of a gallon of 4-star petrol to 84-86p a gallon, but petrol retailers could raise prices even further in order to cover higher running costs.

All the major UK oil companies notified the Price Commission a month ago of their intention to raise oil product prices, but only Mobil, Petrofina, Total and Shell have so far completed the statutory four-week interval during which the Commission can intervene.

Shell raised its oil product prices by an average of 8.9 per cent last week.

The oil companies' case for price increases is based partly on the need to restore some profitability to their refining and marketing operations in the UK and partly on increased crude oil costs arising from the 5 per cent increase imposed by the OPEC producers from January 1.

The oil industry is expected to return to the Price Commission in March to seek further price increases based on the next OPEC crude oil price rise which is scheduled to be introduced on April 1.

Shortage

The shortage of world crude oil supplies resulting from the loss of exports from Iran has added further complications, however. The four U.S. oil companies, Exxon, Mobil, Socal and Texaco, which lift the majority of Saudi Arabian oil, are already having to pay higher fourth quarter 1979 prices for 1m barrels a day of their Saudi supplies.

These companies are now trying to work out a mechanism for reflecting this increase—which only covers a portion of their overall supplies—in current crude sales to customers and subsidiary companies.

Furthermore, some of the OPEC producers are pushing for a higher level of price increases for 1979

Japanese light van registrations fall

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

WARNINGS TO the Japanese about their penetration of the UK market for light commercial vehicles seem to have been heeded. In January the number of Japanese light commercial vehicles registered dropped by 43.9 per cent to a total of 935, compared with 1,669 in the same month a year ago.

Repercussions of the Ford strike over pay were still being felt in January and contributed to a 0.95 per cent dip, from 22,103 to 21,895, in total commercial vehicle registrations.

In spite of the drop in Japanese sales, registrations of imported vehicles remained high and accounted for 21.42 per cent of the market against 18.39 per cent in January 1978.

The Japanese and UK motor industries have agreed that no trucks over 3.5 tons gross weight shall be shipped directly from Japan to Britain. But last year registrations of light vans and pick-up trucks from Japan jumped by more than half. The UK industry's concern was voiced at meetings last autumn.

The Society of Motor Manufacturers and Traders (SMMT), which compiles the statistics, will obviously keep a careful watch on Japanese performance for at least the first three months of this year.

A cut-back in shipments of cars and light commercial vehicles from Japan towards the end of last year left dealers short of stock. The SMMT will have a clearer idea of Japanese intentions once stocks are rebuilt.

The impact of the Ford dispute last October and November has persisted because trucks often spend time with body-builders before being registered.

In January registrations of Ford commercial vehicles fell to 5,131 compared with 8,470 in the same month last year.

Of the other big UK-based manufacturers, BL showed an improvement from 5,194 to 6,175; Chrysler commercial registrations were up from 797 to 1,067; and Bedford, the General Motors subsidiary, from 2,983 to 4,593; but disputes had affected Bedford's total for January 1978.

Insurance law change suggested

BY ERIC SHORT

SWEEPING changes in the insurance laws are proposed by the Law Commission in a working paper published yesterday.

The commission's view is that the present law is weighted too heavily in favour of the insurers. It feels that, in spite of codes of practice drawn up by the British Insurance Association and the Life Offices Association, a fairer balance in law should be struck between the person taking out the insurance and the insurance company. It feels that legislation could be drawn up without prejudicing insurers.

Under the present law, a person seeking insurance must disclose everything which the insurer might consider relevant to the proposal. The Commission proposes that the insurer should be told only what a reasonable person might consider important.

Mr. Justice Kerr, chairman of the Law Commission, said yesterday that under this proposal the information expected to be given by a housewife would be different from that expected from a small businessman.

While the Commission proposes that insurers would still be entitled to refuse to meet claims on ground of non-disclosure, it says that the insured person, once he has completed a proposal form, should be relieved of any further general duty of disclosure, and that if the insured person has answered the questions to the best of his knowledge and belief, then the insurers should not be able to refute the claim just because an answer was factually inaccurate.

On the question of warranties — that is, promises by the insured relating to the insurance — the commission proposes that a breach of warranty should entitle the insured to refuse the claim only if it was material to the risk, had been confirmed in writing and there was a connection between the breach and the policyholder's loss.

These provisional recommendations have been made in response to a reference which the Lord Chancellor made to certain aspects of insurance law in May last year. The commission is seeking the views of interested parties.

The Law Commission Working Paper No. 73, Insurance Law Non-disclosure and Breach of Warranty. SO £2.50.

Iron castings price may rise by 3%

IRON CASTINGS prices will soon rise by at least 3 per cent, according to the Council of Iron Foundry Associations.

Mr. David Atkin, chairman of the council, said the increase was because price of ferrous scrap had increased by 70 per cent in the past year, and there had been other raw material cost increases.

In the past fortnight there had been increases of between 15 and 20 per cent in the price of iron and steel scrap, which could amount to more than half the metal used to make an iron casting.

Mr. Atkin said: "The iron-founding industry has a very good record for absorbing increases in the cost of its raw materials. Over the past ten years castings prices have risen 255 per cent. w

The British industry is not alone in suffering from high ferrous scrap prices."

£285,000 trial for traffic radio

By Lynton McLain

The Government is to fund a £285,000 trial for broadcasting traffic information in the hope that a national scheme would save up to £10m a year from reduced delays and fewer accidents.

Five transmitters in London and the Home Counties will broadcast local traffic information to a group of motorists selected for the tests. The experiment will last until the end of next year and may lead to a national traffic information broadcasting scheme costing up to £4m.

Mr. William Rodgers, Transport Secretary, yesterday welcomed the trial by the Government's Transport and Road Research Laboratory and the BBC.

The scheme may also have export potential. Switzerland has asked the BBC to install equipment for a trial at the end of this year, based on the BBC Carfax information system, which was developed three years ago as a broadcasting base for a traffic information scheme.

Miniature

In the UK trial 100 vehicles will be fitted with a miniature radio receiver. This will be tuned permanently to the wavelength of the traffic information transmitter. Each receiver is expected to cost between £10 and £30, but existing car radios may be modified for approximately £5.

The transmitter will either switch the set on or will interrupt a programme with news of congestion, accidents or diversions.

Reshuffle at Aveling Barford

By Hazel Duffy, Industrial Correspondent

SENIOR MANAGERIAL appointments were announced yesterday at Aveling Barford, the construction equipment subsidiary of BL, which is awaiting the outcome of a top-level review of its activities.

Mr. Leslie Wharton, managing director, is to be deputy chairman with special responsibility for the review.

Mr. Jack Smart, now deputy managing director of Leyland Vehicles, will take over the day-to-day running of Aveling Barford as managing director.

Mr. Smart's departure from Leyland Vehicles, where he spent 13 years with the group's commercial vehicle operations, comes only two months after the appointment of Mr. David Abell as chairman and managing director of Leyland Vehicles. Mr. Abell was previously head of SP Industries, the BL subsidiary which now comprises only Aveling Barford and Prestcold. Mr. Smart's present position is not expected to be filled.

Choice of dearer home loans or fewer mortgages

BY MICHAEL CASSELL

THE STARK choice of dearer home loans or fewer mortgages was put yesterday by the Building Societies Association.

The association, which decided last week not to recommend immediate adjustments to interest rates after the increase in minimum lending rate, said that little room remained for a further reduction in the societies' liquid assets.

The latest issue of BSA Bulletin emphasises that societies managed to lend £8.7bn in 1978, in spite of a sharp reduction in net inflow, by using about £1.7bn of their liquid funds. As a result, the movement's average liquidity ratio had fallen during the year to about 18 per cent, nearly four per cent lower than 12 months earlier.

The association says that level is the lowest reached since the beginning of 1974 and that the decline is expected to continue in the first three months of this year. net inflow (expected to be about £250-£300m a month given present interest rates) will be insufficient to finance the likely level of monthly advances, which is put at £700m.

In addition, societies expect to lend an extra £40m to £60m a month on such items as home improvements. They estimate that net monthly receipts of nearly £400m, together with mortgage repayments, will be required to meet their overall lending targets.

The societies' ratio of liquid funds to total assets is, therefore, set to fall still further and matters will not be helped by large axation payments now due to the Inland Revenue.

The movement believes that there will be little scope for any further decline in liquidity later and that, as a result, it will have to decide whether to reduce lending or attempt (Government permitting) to increase interest rates to record levels.

Sale contract 'failed as claim to goods'

FINANCIAL TIMES REPORTER

IN AN important commercial law judgment yesterday, Mr. Justice Slade ruled in the High Court that a sale contract agreed between Monsanto and Bond Worth for the supply of Acrylan did not have the effect of keeping the title of goods in Monsanto's hands.

Monsanto, the chemical and plastics company, had amended its terms of sale to the carpet company Bond Worth—now in receivership—to retain what it called the "beneficial and equitable" interest. According to Mr. Justice Slade, this was an attempt to create a trust but it did not succeed because a trust was "fundamentally inconsistent" with Bond Worth's freedom under the contract to deal with the goods freely and for its own benefit.

Since a trust had not been created, Mr. Justice Slade allowed that the effect of the clause could only be to create an equitable charge. But if this was the case Monsanto should have registered such a charge. Since it had not done so, Monsanto's claim to the goods and/or proceeds of sale failed.

But Mr. Slade's judgment appears to have re-opened what is known as the Romalpa question.

In the Romalpa case two-and-a-half years ago, the Court of Appeal ruled that a seller of goods could retain title to them.

Mr. Justice Slade noted that four decisions, two of them in the House of Lords which seemed important to him had not been mentioned in the Romalpa case.

These decisions indicated that the notion of a trustee relationship was inconsistent with freedom of the trustee to deal with the goods for his own benefit.

In his judgment yesterday Mr. Justice Slade said that his decision was not in contradiction with the Court of Appeal decision on the Romalpa case.

Two important differences between the cases were that Romalpa, as buyer of the goods, had admitted it was acting as a bailee for AIV, the seller. Secondly, the contract had created a fiduciary relationship between the two.

Mr. Justice Slade's central assertion, that a trustee cannot be someone freely acting in his own interest, is bound to affect judgments in cases of this sort which frequently arise nowadays when a company goes into receivership or liquidation.

Mr. Jeremiah Harman, QC, the leading barrister acting for the Receiver, said afterwards: "Some of Mr. Justice Slade's observations are of great value to us."

Mr. Raymond Sears, QC, acting for Monsanto, said: "This knocks Romalpa for six." He anticipated that Monsanto might appeal. Monsanto has several similar cases pending.

Belfast sailings to be reduced

NIGHT SAILINGS between Liverpool and Belfast have been reduced for a fortnight. They will leave on Mondays, Wednesdays and Fridays with sailings from Belfast on Tuesday, Thursdays and Saturdays.

There will be no Sunday sailings until normal service is resumed on February 25 although on that date there will be no sailings from Belfast.

Catering turnover up 12%

By Our Consumer Affairs Correspondent

TURNOVER in the catering trades jumped by 12 per cent in 1978 over the previous year, said Department of Trade statistics yesterday.

The Department said that the 1978 index for the catering trades was 287, against 256 in 1977. The base year for the index was 1969, when turnover was £2.5bn.

In the last quarter of 1978 licensed hotels and holiday camps reported the biggest rise in turnover at 21 per cent higher than in the final quarter of 1977.

Restaurants, cafes, and fish-and-chip shops were up by 13 per cent, while public houses were up 9 per cent and canteens 8 per cent.

The last quarter increases were in line with those for the earlier quarters of 1978, reflecting the higher level of consumer spending last year against 1977.

The catering trades traditionally benefit from consumers' extra disposable income, as more people can afford a meal out, or to buy drinks from licensed outlets.

However, the anticipated slowing in consumer spending this year is likely to be reflected in less growth in turnover for the catering trades.

New managing director for Bowthorp

DR. JOHN WESTHEAD, former managing director of Pye TMC, the Philips subsidiary has been appointed managing director of Bowthorp Holdings, the electronic components group.

Dr. Westhead was due at Christmas to become head of Mullard, Philips's UK component company, but he resigned two weeks before he was due to take up the appointment.

Bowthorp said yesterday that the appointment was part of its plans to develop world-wide interests.

Dr. Westhead, 50, has a first-class degree in physics and a doctorate in nuclear physics from Oxford University. He spent a year as Sloan Fellow at Stanford University, California, before entering industry.

£2m radar plan for Humber

A £1,800,000 radar system to safeguard shipping in the Humber, one of Britain's busiest estuaries, has been planned to start in two years' time.

The system, to be provided by British Transport Docks Board, is necessary because of the danger of an oil disaster on one of the huge tankers which use Immingham Dock and the terminal at Tetney, near the Humber mouth. It will cover a stretch of water from North Killingholme, near Immingham, to six miles beyond Spurn Point.

All of these securities having been sold, this announcement appears solely for purposes of information.

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● NEWS ANALYSIS—FALMOUTH SHIP REPAIRERS

Bailey's lifeline poses dilemma

BY IAN HARGREAVES

THE POT of the Government's Shipbuilding troubles has been wel and truly stirred by Mr. Christopher Bailey's attempt to take over Falmouth Shiprepairers.

Mr. Bailey, who was called Blackbeard in some sections of the popular Press during his persistent rumbustious, but ultimately successful £100,000 campaign against wholesale nationalisation of Britain's shiprepair industry, is hardly the Government's most popular industrialist.

During the campaign, the bitterness of the relationship between Mr. Bailey and Mr. Gerald Kaufman, Industry Minister, frequently spilled over into a public argument about business ethics, industrial democracy and many other matters only marginally related to the main issue.

The Government's line yesterday was that, initially at least, Mr. Bailey's bid is a matter for negotiation with British Shipbuilders, which announced the Falmouth closure last week.

British Shipbuilders, meanwhile, said it was prepared to consider any commercially viable offer, but indicated that Mr. Bailey's disclosure of his terms on a regional TV broadcast was not the normal way the corporation did business.

Mr. Bailey laughs and says he is accustomed to doing business by word of mouth. As far as he is concerned, the offer is on the table to take a 15-year lease with profits shared between Bristol Channel Shiprepairers, the C. H. Bailey South Wales subsidiary, and British Shipbuilders.

No one in either the Government or British Shipbuilders is able to say so publicly, but many feel that Mr. Bailey is concerned with demonstrating what he sees as the inadequacies and hypocrisy of state-ownership.

MR. GERALD KAUFMAN . . . a bitter relationship

They cannot say so because the closure means almost doubling the Cornish port's 15 per cent male unemployment rate and any move which can soften this blow clearly has to be seen to be studied.

Capacity

It is equally certain that, apart from the unemployment consideration, the Government and its youngest nationalised industry do not want Bailey in Falmouth because, in theory, it has great, unrealised potential.

The yard is sited on major shipping routes. Its four dry docks, of which only three are working, include the biggest dock (100,000 dwt) in British Shipbuilders' repair division. To this could be added Mr. Bailey's 300,000 dwt floating dock, now mothballed in Hawaii.

To let Bristol Channel operate at Falmouth would add to the 30 per cent increase in shiprepair capacity already under way in North-west Europe between 1976 and 1981 and introduce a competitor serving the same market as British Shipbuilders' Vosper Shiprepair yard in Southampton.

Most embarrassing of all, there would be the risk that Bailey might turn round Falmouth's poor labour relations record and history of losses in all but two of the last ten years.

Bailey's style, as he made clear, would be to offer profit-sharing schemes to management and labour, but he would also want to rebuild the labour force from scratch. This would undoubtedly mean operating the docks with many fewer than the 1,250 now employed there.

As for the financial side of the offer, the company is opening itself to few risks. There would be no rental, so if the venture did not work out profitably, the company would be able to withdraw fairly painlessly.

C. H. Bailey's pre-tax profits have only just recovered to £419,000 in 1977, after a £246,758 loss in 1976.

Mr. Bailey regards the possibility of failure as remote. "Falmouth is the best sited repair yard in Britain," he says; a conviction demonstrated by the fact that he made takeover offers twice when the yard was owned by the Peninsular and Oriental Steam Navigation Company.

The Falmouth bid is also the latest evidence of the strength of Mr. Bailey's faith in the ship repair industry generally. He has spent the last two years scouring the world for extra facilities for Bristol Channel Shiprepairers and has looked at the Terrin yard in Marseilles and the 900,000 dwt dock at Bandar Abbas, Iran.

His most exciting venture, which he hopes is near finalisation, is negotiating a long-term lease on a three-dock complex in the Gulf emirate of Dubai, which the Queen will open next week.

This is another venture which many others have considered non-viable. Mr. Bailey says that on a straight trading account he will make money in the first year.

Before he gets the opportunity to test this theory, however, there are a number of tough negotiating hurdles to clear and some equally tough South Korean competition for the contract to overcome.

For British Shipbuilders and the Government, the Falmouth affair is just the first gust in what is certain to be a few stormy months as a series of yard and part-yard closures come through the pipeline.

The next candidate will almost certainly be the hapless Haverton Hill shipyard on Teesside, whose history since nationalisation has consisted of a long wave of industrial trouble, resulting in lost orders, staff suspension and impending shut-down.

No Christopher Bailey is likely to emrge with a bid for that yard or for any of the other building yards in the queue.

These are likely to involve yards on the East Coast of Scotland, the small Govan Scotstoun yard, Glasgow, and the pieces of Sunderland Shipbuilders, Swan Hunter and Scott Lithgow which the corporation wants to close as part of its planned 12,500 cut in its merchant shipbuilding workforce.

Top insurance accounts move to new brokers

BY JOHN MOORE

MAJOR insurance accounts are being moved away from Lloyd's insurance brokers Sedgwick Forbes and Bland Payne by the top U.S. broker Marsh and McLennan.

The latest in the line of accounts which have been on the move in London since the beginning of the year is the Lockheed aviation insurance business.

Marsh and McLennan is taking this account to C. T. Bowring, another Lloyd's of London insurance broker, away from Sedgwick Forbes and Bland Payne.

The upheaval is due to the new transatlantic insurance broking alliances formed in the last few months.

Last September C. T. Bowring announced that it was planning to co-ordinate and combine its insurance interests with Marsh and McLennan in an attempt to establish what it described as "the first truly international insurance brokerage and consulting firm."

Then in November Sedgwick Forbes announced that it was intending to merge with Bland Payne, which would make it the largest insurance broking company in the UK, and eventually co-ordinate its business with Alexander and Alexander of the U.S., one of the top three American brokers.

Now Marsh and McLennan has decided that it is not prepared to place its London business with two London brokers which are planning to form a close relationship with one of its competitors, Alexander and Alexander.

American brokers have needed links with major London insurance brokers, which know how to arrange the specialist underwriting in the Lloyd's and London insurance company markets.

Moreover, any business which the Americans wish to channel to Lloyd's has to be placed at Lloyd's through an approved Lloyd's broker.

But once a London broker is used for placing business the commission arising on the insurance business that is arranged has to be shared between the two, although the London broker may have played only a passive role in securing the original account.

With closer relationships developing between the American and UK broking majors the issue of split commissions is no longer a problem.

Mr. John Regan, chairman of Marsh and McLennan, said in New York: "Having made a commitment to C.T. Bowring we feel we will be able to do more for the client working as a unit.

"The ultimate decision for a move is left to the client. But many of our clients have agreed. And the Sedgwick Forbes-Bland Payne merger together with the link-up with Alexander and Alexander has accelerated our move towards Bowring."

Mr. Peter Wright, chairman of Sedgwick Forbes said: "We've got to accept that there will be realignments in the traditional relationships. This is likely to happen on an increasing scale, so accounts will certainly move."

Rolls raises home prices by 12½%

By Kenneth Gooding, Motor Industry Correspondent

THE HOME market price of Rolls-Royce cars went up by 12½ per cent yesterday, taking the retail cost of the Silver Shadow, four-door saloon from £28,466 to £32,022.

The Price Commission raised no objections to the increase, which is designed to help to pay for Rolls' big investment programme for diesel engines as well as cars. That will involve expenditure of about £30m over the next two or three years and follows spending of £37m since the group went public in 1973.

Last year Rolls sold 1,324 cars in the UK out of its total production of 3,360.

The group last raised home market prices by 6½ per cent in September, but it says those are still a little below prices charged in Europe and the U.S.

Typical price increases are: the Silver Wraith, with divided driver and passenger compartments, from £35,357 to £39,780; the Corniche convertible, from £43,980 to £49,479; and the Camargue, from £50,450 to £56,756.

Midland must change strategy for U.S. move, say brokers

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

MIDLAND BANK, one of the "Big Four" UK clearing banks, may have to dispose of its 16 per cent stake in Standard Chartered, the London-based international banking group, before the development of any direct U.S. banking operations.

This is the view of stockbrokers Wood Mackenzie,* who also predict that Midland would have to divest itself of its present non-banking operations before going into the U.S.

Midland is the only one of the UK clearers without direct banking operations, or proposed acquisions, in the U.S. "What is clear is that if Midland is to develop a coherent international strategy in which the U.S. plays a major role then further rationalisation of its existing interests is required," say the brokers.

Midland's major involvement in U.S. banking is through a stake in the European American Banking Corporation, a retail consortium owned by five other European banks. Wood Mackenzie points out that Deutsche Bank, one of Midland's partners in the corporation, has already adopted an alternative U.S. strategy by going into direct competition with it in New York. "Midland could follow the same policy by opening up a branch in New York in its own name."

If Midland were to buy into the U.S., Wood Mackenzie believes it is "highly likely" that it would be forced to rationalise severely existing operations. Apart from European American Banking, and the Standard Chartered stake, this could mean a possible sale of the U.S. travel side of Thomas Cook. The brokers see the intended reduction of Midland's stake in insurance broking, though the Bland Payne/Sedgwick Forbes deal, as another stage in the same rationalisation.

* *The U.S. Crossroads. Wood Mackenzie, 62-63, Threadneedle Street, London EC2R 8HP.*

● Brokers Hoare Govett are forecasting that clearing bank pre-tax profits will increase by 25 per cent in the current year, partly as a result of higher interest rates.

North Atlantic air fares 'too low'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR FARES on the North Atlantic route have gone too low over the past two years, and ought now to be raised—a move which some airlines, such as Trans World of the U.S., are already trying to promote.

This view was expressed yesterday by Mr. Patrick Shovelton, formerly in charge of civil aviation affairs in the Department of Trade, and now director-general of the General Council of British Shipping, when he delivered the Brancker memorial lecture to the Institute of Transport.

Mr. Shovelton, who was Britain's negotiator for the latest Anglo-American "Bermuda 2" air agreement, said he believed airline costs would rise as a result of increased oil prices, wage inflation in the UK and U.S., a world rise in raw materials prices.

A number of major airlines had reported losses in the fourth quarter of last year, and the first quarter of this year "must surely be worse," he said.

The total yield per aircraft trip was inadequate and, if the authorities did not allow increased economy fares, they would have to allow increased Stand-By fares. "The difficulty is that no-one wants to make the first move," Mr. Shovelton said.

Wine and spirit men state case

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT was urged yesterday not to increase excise duties on wines and spirits to make up for an expected shortfall in revenue in the current financial year.

The appeal came from officials of the Wine and Spirit Association after a meeting with Treasury Ministers to discuss the association's views on what the Budget should contain.

The Treasury has over-estimated the revenue from wine and spirits duties this year by £70m, says the association, and believes it may be tempted to regain this through a duty rise this year.

Increase

Any increase in duty, says the association, always has a sharply adverse effect on the market. "The direct and indirect effects of a duty increase in the 1979 Budget will leave the Chancellor of the Exchequer millions of pounds out of pocket," said Mr. Peter Hallgarten, the association's chairman.

Consumers have been spending their disposable income on capital goods and higher mortgage payments rather than wine and spirits says the association.

Latest trade figures for the UK wine market show a fall-off in sales towards the end of last year. "These confirm that 1978 has only been a relatively good year for the trade," said Mr. Hallgarten.

The association urged the Treasury to end the "iniquity of advance duty payments required from wine and spirit traders."

It wants duty payment to be deferred for six weeks to allow time for traders to receive payment from customers.

OBITUARY

Walter Cronk

MR. WALTER CRONK, first general manager and director of UBAF Bank, has died at his home in Bromley, Kent. He was 61.

He was seconded to UBAF Bank, an offshoot of the international consortium, Union de Banques Arabes et Françaises, in 1972, from the Midland and International Bank after 25 years' service. In 1977 he retired as general manager and director but continued to work for UBAF as a consultant until his death.

He is survived by his widow and two sons.

Budd warns against oil price pessimism

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A WARNING against taking too pessimistic a view of the impact of increased oil prices this year has come from Dr. Alan Budd of the London Business School.

In an economic commentary for Fielding Newson-Smith, City stockbrokers, Dr. Budd says the most important point is that the increase recommended by the oil producers was modest and still leaves oil cheaper, in relative terms, than it was in 1974.

Moreover, the UK, although it still has an oil deficit, should be one of the main beneficiaries, particularly because the increased oil prices will help sterling.

He suggests that, if the dollar stays unchanged, the real price of oil will only be about 6½ per cent higher at the end of this year than at the same time last year, and will still be lower than it was at beginning of 1978.

He points out that an important difference, compared with 1974, is that many of the oil-producing countries have experienced dramatic changes in their trade balances, and will have little difficulty spending all their extra revenue.

Since the effect on the UK's current account from the rise is very small (possibly £50m) the effects of capital inflows from oil-producing countries should show a net improvement in the overall balance of payments, and should raise the value of sterling. But if this is what the markets have already anticipated, no further benefit can be expected from this source.

In an accompanying note, Mr. J. V. Thompson, of the brokers, says that the firm believes that, with oil supply constrained, there is a large probability that the actual oil price will be higher than the 10 per cent average originally proposed by OPEC. Nevertheless, on Dr. Budd's analysis, there is still plenty of headroom before it would have a material impact on the world economy as a whole.

Small businesses 'need Government boost'

BY DAVID FREUD

THE GOVERNMENT should use the tax system to encourage the expansion of small businesses, because they appear to be in the best position to increase employment, according to City stockbrokers Wood Mackenzie.

In its latest economic circular, the firm says that the best way for the Government to develop job opportunities is to create and maintain a stable financial environment in which the corporate sector can expand.

"Equally important is the co-operation of the unions in allowing the corporate sector to recover a reasonable share of the national income. The surest way to reduce the level of employment over the next few years is for the corporate sector to be squeezed by rising wage costs, controlled prices and a loss of international competitiveness."

The firm says that over the next few years it is clear that the service sector will continue to be the main source of jebs.

However, the increase in service employment may not be as rapid as in the past because employment in many of the previous growth areas—like public services and banking—has stabilised. "As a result it will become increasingly important to create new employment in industry."

Thames sells Abdication series to U.S. for $1m

BY JAMES McDONALD

THAMES TELEVISION has sold its "Edward and Mrs Simpson" drama series—its version of the Royal romance and the Abdication — to the U.S. for $1m (£500,000) for showing on commercial television.

The buyer is Mobil. It will present the seven-part series in the first half of next year in its Mobil Showcase to television stations in 50 of the largest centres, including New York, Los Angeles and Chicago. The potential audience is estimated at between 80m and 100m.

The series has been sold to more than 40 countries. France, where the Duchess of Windsor lives has not yet bought it, but is having discussions with Thames TV.

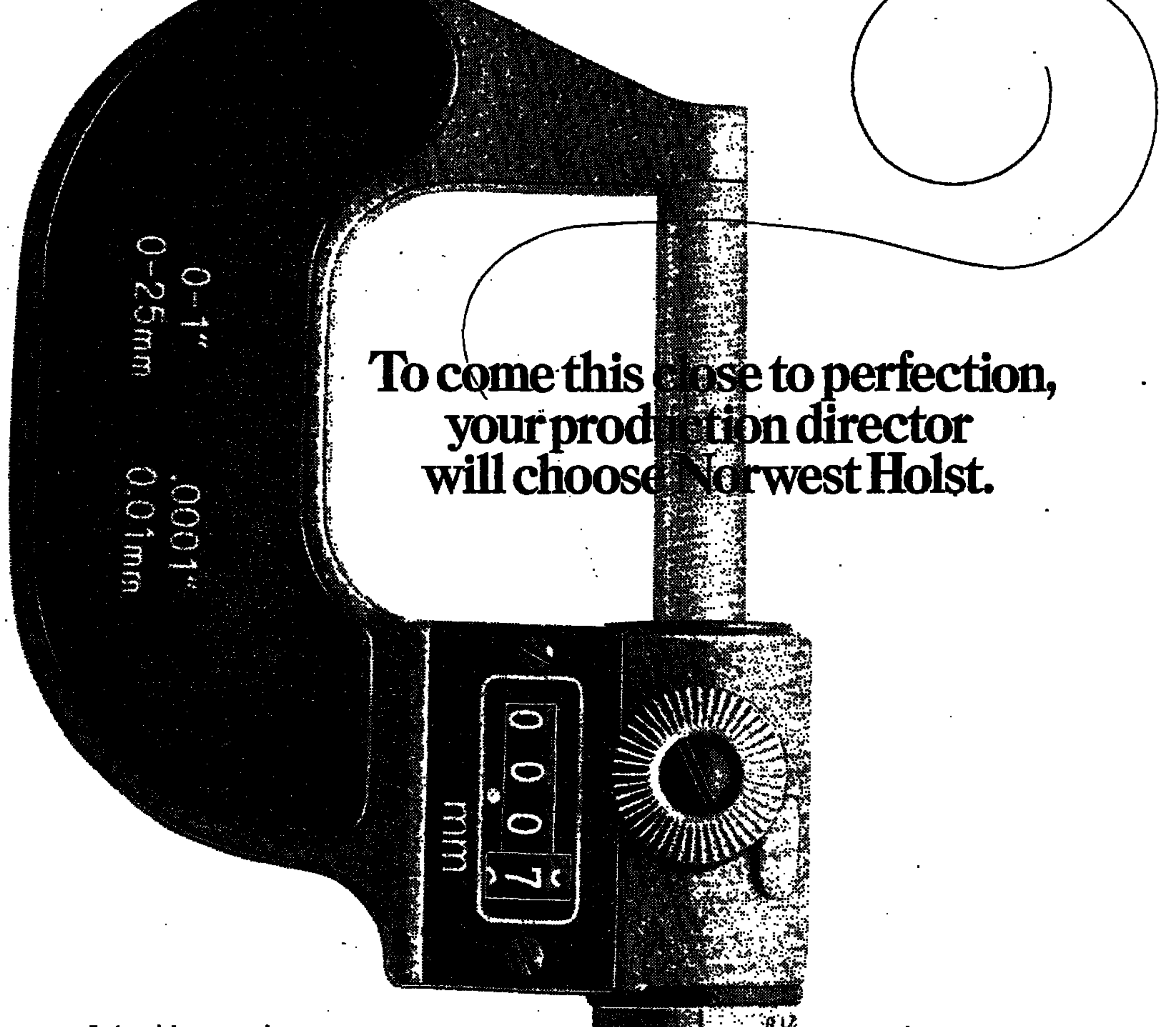
Sales overseas, including the U.S. deal, total nearly £800,000, compared with the estimated production cost of about £1.5m. Mr. Muir Sutherland, managing director of Thames Television International, said yesterday he was confident, as a result of sales at this early stage, that the production cost would be recouped.

With its "Family at War" series Thames obtained about $1m gross sales in the U.S. but it carried out the costly marketing to stations itself and reaped a much smaller net profit.

11 seek local radio contracts

SIX applications for Cardiff and five for Coventry have been received by the Independent Broadcasting Authority for contracts to operate independent local radio services in the areas.

Yesterday was the closing date for the applications, invited on December 1. Preliminary interviews of the applicants are expected next month.



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KNITTING INDUSTRY WORKING PARTY REPORT

Export effort in selected areas

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S KNITTING industry, in a report from its sector working party, published yesterday, is urged to concentrate more export effort on selected countries and on higher value products.

The industry, which employs about 120,000 people, mainly in the East Midlands, raised its share of total exports to 12 designated West European markets from 5 per cent in 1975 to 8 per cent in 1977. The sector working party believes, however, that the size of the UK industry—it employs a quarter of all EEC knitting workers—should enable it to command as much as 20 per cent of total exports in Western Europe.

The report says that the industry has a larger share of smaller markets and a smaller share of larger markets than its main European competitors. Thus in knitted fabric in 1977 the UK had a 5.6 per cent share of French imports, against the 42 per cent achieved by West Germany.

Italy accounted for nearly half the total sales of fabric to West Germany in 1977 against the British industry's 3.7 per cent share. Britain's best markets were in Scandinavia.

Concentration on the home market rather than an inherent lack of export ability is blamed for the industry's low share of big markets overseas, but the report urges companies to secure their future by means of coherent long-term export policies and professionalism. It says that in many companies, particularly smaller ones, the management team does not always show marketing expertise, although it sees some signs that firms are recruiting the necessary trained staff.

The working party seeks to restrict UK imports of knitwear from developed countries to their 1976 level of 6.3 per cent. But it points out that although the industry, with the necessary adjustments, should be able to remain fully competitive against developed countries, it requires full implementation of the GATT Multi-Fibre Arrangement to curb disruptive imports from developing countries.

The report expresses concern about outward processing—the transfer of fabric to low-cost countries for conversion into garments and subsequent re-importation. It does not want that to become an important part of the EEC Commission's policy towards the textile industry.

To combat the threat from low-cost goods in the domestic market and to improve export performance, more of the industry, particularly in the cut-and-sewn (as opposed to fully-fashioned) sector, should start to produce higher quality goods, the report says. Similarly it sees the need to concentrate on less price-sensitive goods.

It advocates closer co-operation between the industry and the UK chain stores, many of which obtain a large part of their requirements from low-cost sources overseas. The working party says the stores and mail-order organisations should be able to offer the UK industry the same advanced ordering as they do to suppliers in the Far East.

Difficult conditions

The working party says that progress in 1977 towards objectives laid down for the home and export markets was achieved, but conditions last year evidently proved more difficult. Developed countries in particular were able to increase their share of the market. The industry, now the largest individual UK textile sector, lost about 4,000 jobs last year after an increase in the second half of 1976 and early 1977. The report calls for greater attention to manpower planning to help the industry to maintain stable employment.

Total output by the industry was estimated at more than £1bn in 1977, of which roughly 30 per cent was exported. Outerwear, including fully-fashioned knitwear, accounted for output worth roughly £386m; jersey fabric for £182m; and warp-knit fabric for £132m. The rest was divided between knitted underwear, socks and stockings, tights and knitted shirts.

UK AND MAJOR EEC COMPETITORS' SHARES OF 12 MARKETS, 1975 AND 1977

		OUTER GARMENTS			FABRIC		
		Imports from EEC £m	UK share %	Major EEC competitors' share %	Imports from EEC £m	UK share %	Major EEC competitors' share %
Austria	75	60.4	3.9	46.4 (WG)	29.2	11.1	70.8 (WG)
	77	106.7	4.5	52.4 (WG)	46.3	5.0	75.2 (WG)
Belgium/Luxembourg	75	165.2	2.7	38.7 (Fr)	80.7	2.4	34.6 (N)
	77	218.0	5.6	30.8 (Fr)	77.6	3.9	35.2 (WG)
Denmark	75	12.9	32.8	25.9 (WG)	11.1	40.6	37.2 (WG)
	77	23.5	33.8	32.1 (WG)	11.3	33.3	38.6 (WG)
France	75	194.2	7.1	73.7 (It)	144.5	3.0	41.5 (WG)
	77	265.8	10.0	71.8 (It)	141.6	5.6	41.8 (WG)
Finland	75	3.9	31.9	46.3 (D)	7.7	49.1	17.8 (WG)
	77	5.5	34.9	43.6 (D)	7.4	52.7	18.6 (WG)
Germany (W)	75	669.8	1.4	72.4 (It)	149.9	4.0	47.3 (It)
	77	733.5	2.6	77.6 (It)	168.2	3.7	48.8 (It)
Italy	75	22.1	19.3	57.7 (Fr)	20.5	4.1	61.4 (WG)
	77	28.5	26.9	47.4 (Fr)	27.2	5.9	62.2 (WG)
Netherlands	75	241.9	2.3	41.1 (WG)	98.5	3.2	76.3 (WG)
	77	317.4	7.0	48.2 (WG)	97.7	5.2	75.9 (WG)
Norway	75	30.4	16.5	68.2 (D)	7.3	50.9	21.9 (D)
	77	47.8	24.8	54.7 (D)	8.2	53.0	21.6 (D)
Sweden	75	41.9	17.1	51.0 (D)	21.3	39.0	26.3 (D)
	77	65.2	20.8	46.5 (D)	18.0	44.0	25.4 (WG)
Switzerland	75	115.0	8.1	43.9 (It)	23.4	10.3	52.4 (WG)
	77	151.2	8.8	40.4 (It)	34.4	7.3	59.6 (WG)
Total	75	1,560.0	4.3	53.6 (It)	594.1	7.1	36.3 (WG)
	77	1,963.0	7.2	52.2 (It)	637.8	7.6	38.4 (WG)

(D)—Denmark (Fr)—France (It)—Italy (N)—Netherlands (WG)—West Germany

Car repairs warning

CAR REPAIRERS warned winter motorists yesterday that it could be months before anyone could repair their vehicles after an accident.

The Vehicle Builders and Repairers' Association said there were few repairers with enough room at their premises for wrecked cars.

Engineers claim 'is worth 50%'

By Alan Pike, Labour Correspondent

ENGINEERING EMPLOYERS yesterday told union leaders that their claim for a new national agreement would cost the industry up to 50 per cent and was an unacceptable package.

The Confederation of Shipbuilding and Engineering Unions yesterday formally tabled a claim for an increase in national minimum skilled rates from £60 to £80, with proportionate rises for the unskilled. Elsewhere in their 13-point claim, the unions are seeking a planned reduction to a 35-hour week, an extra week's holiday and improved overtime payments.

Because wage negotiations in the engineering industry take place at both national and local levels, the pay aspect of the claim is much more modest that the proposed increases in basic rates suggest.

Sir Geoffrey Hawkings, Engineering Employers' Federation president, said after meeting union leaders yesterday that he was particularly doubtful whether a move towards a shorter working week was possible at a time when the industry was in a weak competitive position internationally.

Productivity in engineering was already limited by a shortage of skilled workers and a shorter working week for skilled men would not lead to more unskilled workers being employed.

Union plea to avoid rash action

By Philip Bassett, Labour Staff

THE CIVIL and Public Services Association yesterday appealed to its members not to take any rash unofficial industrial action which might lead to a drain on the union's £1.2m fighting fund set up to back its official strike programme.

The union and the Society of Civil and Public Servants are *calling a one-day national strike* next week with a series of selective strikes after that to support their campaign for full implementation of the results of an independent pay comparability study.

The union will call out 800-1,000 of its members on selective strikes after the one-day stoppage. Mr. Alistair Graham, deputy general secretary, writing in the first of the union's "pay fight" bulletins to its 235,000 members, said the fighting fund would support selective action for more than three months if necessary.

However, the union's strategy depended on members not taking any rash industrial action without authority which might lead to suspensions and a drain on the fund, since suspended members would be paid strike pay of their normal net basic.

Maximum basic for clerical officers is £63.07 a week and for clerical assistants £50.15.

The society has estimated that its campaign could cost about £½m.

Water workers may accept 16%

BY PAULINE CLARK, LABOUR STAFF

WATER WORKERS' leaders in the National Union of Public Employees last night decided to recommend acceptance by members of a 16 per cent pay offer. Describing the offer as a significant improvement on a previous rejected increase of a similar order, they removed, for the time being, the threat of an all-out strike by their water and sewage worker members.

The move will come as a relief to the Government, whose efforts to avoid a confrontation with Britain's 33,000 water workers had earlier been threatened by the comparatively militant stance taken by NUPE, the second biggest union in the industry.

The union's national water committee accepted that its target of a national minimum wage of two-thirds of national average earnings and a 35-hour week had not been achieved, but recommended that the offer be accepted "with a view to achieving the union's objectives in the next pay round." This was endorsed by the executive after the committee meeting.

Members of the biggest water workers' union, the General and Municipal Workers' Union, will decide whether to accept the offer at a recalled conference tomorrow, but the result of voting by NUPE members is not expected until early next week.

The offer of a 9.05 per cent rise in basic rates, plus a 6.9 per cent self-financing efficiency bonus was strongly recommended by the joint union negotiators last Friday after conditions attached to the attendance bonus in the earlier offer were relaxed.

Although Ministers have described the offer as satisfactory, a settlement at this level will present problems to the Government, which is in deadlock over pay with leaders of 1.5m council workers, hospital ancillary staffs, and other groups.

Mr. Charles Donnet, GMWU national officer and leader of the local authority manual workers' negotiators, yesterday met council employers' representatives for further talks following the union's rejection of an 8.8 per cent offer.

Meanwhile, water workers in the South-West indicated yesterday that they would embark on unofficial action today over the 16 per cent offer. This follows rejection of the offer at the week-end by Liverpool workers, who are also taking unofficial strike action.

Strikes will cut off supplies of blood

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S biggest blood transfusion centre is to be disrupted by one-day strikes, members of the Confederation of Health Service Employees and National Union of Public Employees decided at a meeting yesterday.

The centre, at Tooting, London, has warned that more than 100 hospitals are in danger of having their blood supplies seriously curtailed, although this would depend on how long the action was sustained and on co-operation from shop stewards.

With no sign of a solution to the public service workers' pay dispute, the two biggest unions representing 1.5m council workers and hospital ancillary staff stepped up industrial action yesterday throughout the country.

Lightning strikes, overtime bans and other forms of industrial action by members of the General and Municipal Workers Union and NUPE have closed many schools, disrupted refuse disposal and reduced a number of hospitals to emergency admissions only since the last week in January.

With the return of snow to some parts of Britain yesterday, 1,600 NUPE members in South Wales were told by their union not to grit roads or clear snow.

The GMWU has authorised official strikes by 11,000 of its members as well as extending work to rules and overtime bans in many local authorities.

In Scotland, NUPE announced that more than 1,000 workers would be taking part in selective strikes by today.

More widespread disruption to schools is expected in the North where NUPE claims to have closed some 600 schools in Cumbria, Northumberland, Tyne and Wear, Durham and Cleveland and Darlington and Northumberland because of action by school caretakers.

After NUPE's threat last week to escalate action in Westminster London if private contractors were called in to remove rubbish, public service workers at Winchester, Hampshire, yesterday began an all-out strike in protest at rubbish being cleared by city volunteers.

Elsewhere, about 70 refuse tips in Yorkshire and Humberside are to be closed by action plans, while Glasgow rubbish collection is expected to be hit from Wednesday following a weekend decision by GMWU shop stewards to recommend industrial action.

Hospital services in many parts of the country continued to suffer from action by porters and other ancillary staffs.

Workers at London's Great Ormond Street Hospital for sick children, however, are likely to suspend action this week after 10 days of stoppages and work to rules.

NUJ rebels lose action

JOURNALISTS IN Birmingham and Coventry who refused to obey a union strike call failed yesterday in a High Court move to stop the union taking disciplinary action against them.

Mr. Justice Slade made no order on their plea for a temporary injunction pending full trial of a dispute over the "legality" of the recent local newspaper strike by the National Union of Journalists.

The judge accepted an NUJ undertaking that the objectors could be represented by the person of their choice at the disciplinary proceedings.

He rejected an application by the NUJ for the journalists to be ordered to pay the costs of the hearing so far, unofficially estimated at £5,000. The question of who pays will be decided at the full hearing of the action.

Shipyard layoffs

Four-thousand manual workers at Govan Shipbuilders, Glasgow, part of British Shipbuilders—were yesterday laid off because of a strike by 250 foremen and assistant managers.

Barclays to test longer bank hours

By Nick Garnett, Labour Staff

A PILOT SCHEME on extended opening hours at 13 Barclays Bank branches will begin early next month.

The experiment will test demand over a year and the permanent system of extended hours could cover many more branches if it is justified by the volume of business.

The scheme is the first of its kind to be initiated by the clearing banks in recent years. Midland plans to open 30 High Street branches on shopping evenings on a six-month trial. This could be later extended permanently to 400-500 branches.

Lloyds is also negotiating with its unions a package of new opening times, including Saturday mornings.

Barclays has agreed the pilot scheme with its staff association but not with the National Union of Bank Employees.

A special delegate conference of the union decided last month not to consider extended opening hours until proper national negotiating machinery has been established.

But Barclays has decided that it cannot wait any longer and will press on with the scheme without the co-operation of the union.

Some branches will open at 8 am, while others will close as late as 7 pm. No Saturday working is included.

Staffing will be on a voluntary basis and no employee will be required to work more than a 35-hour-week. Staff involved in *the scheme will receive extra* payments of about 3½ to 7 per cent of salary.

No pay limit, says chemical workers' leader

By Our Labour Staff

CHEMICAL WORKERS would *not* accept any artificial pay limit, Mr. David Warburton, chemicals national officer of the General and Municipal Workers' Union told its chemical industries conference in York yesterday.

He said this year's pay settlement, due in May, should reflect increased productivity, "soaring profitability" and improved return on capital in the industry.

He accused the industry of an "investment go-slow," but the Chemical Industries Association said yesterday that investment in the industry last year was 19 per cent higher than in *1977 in real terms. Initial* estimates suggested that £1.05bn was invested during 1978.

Protest at delay

HORTICULTURAL workers at the Ministry of Agriculture's Luddington experimental husbandry station, Stratford-on-Avon have begun a work-to-rule. Thirty-six members of the farm workers' union *say their action* is in protest over the Ministry's delay in implementing the 13½ per cent pay increase recently awarded by the Agricultural Wages Board.

Imports held up

A FORTNIGHT-OLD strike of 550 dockers at Grimsby and Immingham is affecting the import of Volkswagen cars and *could cause a shortage in the* north-east. Dockers are asking for a 15 per cent pay rise but the employers will not increase their 5 per cent offer.

Closed shop plea

NORWICH CITY council hopes to reinstate a council worker they had to sack after 22 years' service because he refused to join the union. The Labour-controlled council is to ask all unions to revise the closed-shop agreement to enable people to *contribute to* a charity instead of paying union dues.

North-East jobless 'may rise to 200,000'

BY RHYS DAVID

UNEMPLOYMENT in the North-East could rise to much higher levels than the region's economic development planners have calculated, according to a study by Durham University on behalf of two of the area's new towns.

The study, by the university's regional policy research unit, claims that assumptions about the growth of employment to replace manufacturing, levels of inflation and overall UK economic growth, are all likely to prove optimistic. Their conclusion is that unemployment in the region far from being held at the present 140,000, could rise by a further 60,000 *by 1990* to more than 200,000, or more than 12 per cent compared with the present 8.6 per cent.

The survey was commissioned by the Aycliffe and Peterlee Development Corporation and consisted of a detailed examination of the structure plans *made by the local authority for* parts of the region, set against the background of the Northern Region Strategy Team's reports of 1975 and 1976.

The strategy team, according to the survey, can be challenged *on several of its assumptions* concerning the likely progress of the UK economy and the rate at which different regions recover from recession. Its assumption that service industries would offset the decline in older industries is also considered unrealistic.

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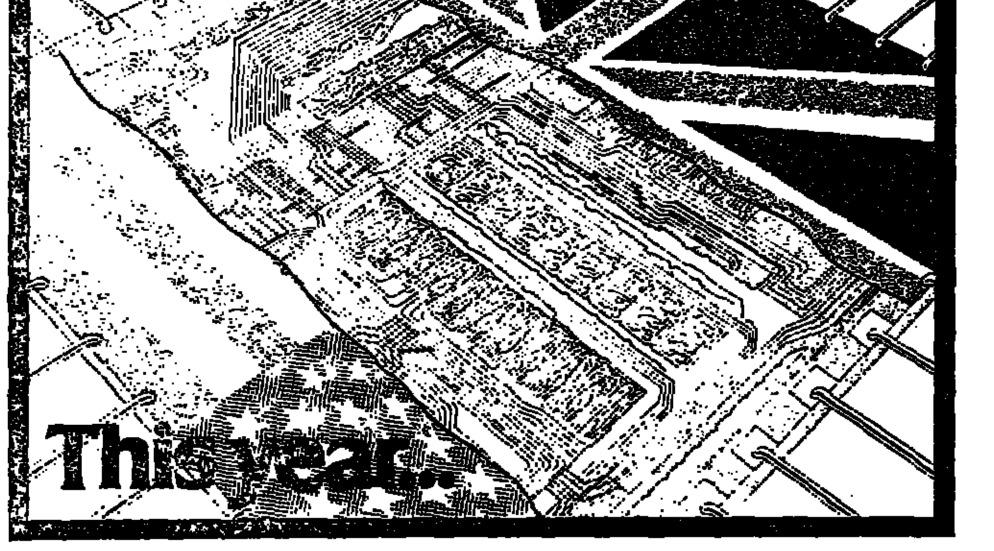

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is considering the application of THE INSTITUTE OF CHARTERED ACCOUNTANTS IN IRELAND (11, DONEGALL SQUARE SOUTH, BELFAST BT1 5JE) for a Group Licence covering all Chartered Accountants who, for the time being, are registered as members in practice by the Institute of Chartered Accountants in Ireland. The licence sought, if granted, would cover the following types of business: Consumer credit, *credit brokerage and debt-adjusting and* debt-counselling; limited to activities arising in the course of a practice as a Chartered Accountant. The Director General will take into account any information relevant to the application being made by the Institute.

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Notice of Redemption

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8½ % Guaranteed Sinking Fund Debentures Due March 15,1986

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of March 15, 1971, under which the above designated Debentures are issued, $577,000 aggregate principal amount of such Debentures of the following distinctive numbers has been drawn by lot for redemption on March 15, 1979 (herein sometimes referred to as the redemption date) through the operation of the Sinking Fund:

$1,000 Coupon Debentures

M-54	939	1825	3303	4971	6369	7486	8926	10115	11461	12231	13379	14485	15584	16926	18145	19198
59	1002	1827	3320	4584	6318	7451	8943	10174	11544	12278	13459	14474	15606	16946	18149	19230
76	1025	1881	3321	4585	6320	7772	8945	10184	11549	12307	13461	14550	15619	16963	18193	19243
93	1088	1906	3348	4589	6393	7773	9001	10349	11589	12355	13471	14644	15623	16982	18257	19269
96	1114	1915	3551	4672	6412	7790	9028	10387	11600	12380	13485	14672	15662	17116	18275	19272
113	1133	1944	3576	4675	6413	7795	9063	10444	11601	12417	13496	14680	15712	17131	18288	19288
120	1229	1975	3594	4739	6429	7803	9086	10462	11626	12428	13572	14771	15730	17186	18336	19291
193	1231	2024	3607	4820	6465	7900	9098	10467	11643	12456	13636	14823	15766	17234	18378	19316
197	1263	2106	3620	4903	6531	7985	9110	10503	11659	12459	13641	14824	15778	17248	18396	19330
224	1321	2140	3631	4967	6536	8050	9159	10624	11694	12631	13654	14827	15794	17275	18445	19355
270	1343	2153	3654	4985	6678	8069	9163	10628	11698	12640	13696	14836	15795	17380	18476	19425
273	1350	2186	3674	5015	6590	8103	9167	10651	11700	12652	13720	14859	15836	17381	18485	19437
290	1364	2236	3688	5029	6599	8147	9262	10705	11744	12759	13749	14900	15837	17401	18548	19480
321	1377	2265	3694	5035	6784	8206	9266	10710	11795	12776	13756	14901	15881	17410	18549	19491
378	1381	2297	3703	5217	6796	8308	9313	10775	11796	12790	13782	14953	15801	17412	18553	19548
397	1420	2304	3736	5246	6798	8282	9484	10808	11810	12800	13805	14909	15956	17425	18564	19552
431	1421	2383	3793	5256	6805	8313	9504	10840	11821	12886	13885	15013	15983	17476	18613	19554
441	1423	2412	3842	5310	6991	8368	9507	10915	11842	12921	13901	15110	16053	17496	18650	19575
464	1457	2428	3857	5522	7065	8389	9534	10925	11845	12976	14006	15116	16081	17570	18727	19583
615	1483	2449	4026	5607	7068	8447	9555	10937	11856	13002	14008	15138	16097	17592	18749	19615
671	1485	2541	4047	5705	7112	8487	9653	10955	11932	13004	14012	15253	16152	17705	18765	19616
673	1486	2561	4076	5721	7146	8536	9684	11107	11973	13011	14051	15255	16186	17751	18803	19631
691	1522	2583	4137	5834	7203	8538	9676	11113	11989	13032	14087	15285	16273	17799	18820	19672
699	1566	2703	4153	5929	7208	8589	9716	11197	12004	13076	14094	15308	16313	17810	18853	19745
701	1570	2801	4180	5933	7209	8683	9734	11219	12058	13163	14166	15338	16352	17930	18874	19778
704	1571	2810	4184	5945	7222	8704	9805	11230	12094	13108	14180	15343	16405	17931	18877	19785
754	1611	2817	4209	5953	7233	8709	9806	11240	12096	13123	14201	15352	16457	17932	18897	19806
807	1647	2819	4421	6005	7254	8725	9807	11295	12097	13127	14226	15388	16459	17958	18971	19840
812	1659	2887	4423	6017	7282	8736	9839	11301	12128	13274	14240	15396	16522	18024	19096	19869
864	1696	2963	4432	6024	7286	8743	9885	11310	12172	13275	14292	15463	16690	18038	19098	19892
876	1701	3009	4440	6034	7293	8761	9957	11385	12175	13288	14353	15476	16693	18039	19103	19901
878	1714	3061	4485	6075	7308	8762	10084	11387	12178	13305	14405	15479	16710	18055	19128	19906
891	1732	3097	4513	6127	7312	8763	10112	11397	12190	13327	14417	15562	16885	18082	19130	19959
919	1796	3100	4541	6251	7334	8830	10113	11433	12201	13343	14420	15575	16906	18130	19144	

The Debentures specified above are to be redeemed (a) at the Securities Business Division—Multinationals/Internationals Department of Citibank, N.A., Trustee, under the Indenture referred to above, 111 Wall Street, 2nd Floor—Bond Window, New York, N. Y. 10015, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank in Amsterdam, Frankfurt/Main, London (Citibank House), Milan, Paris, Citibank (Belgium) S.A. and Citibank (Luxembourg) S.A. Payments at the offices referred to in (b) above will be made by United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on March 15, 1979, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue, and, upon presentation and surrender of such Debentures with all coupons appertaining thereto maturing after the date fixed for redemption, payment will be made at the said redemption price out of funds to be deposited with the Trustee.

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Tribune group calls for reflation

BY PHILIP RAWSTORNE

LABOUR Left-wingers last night called for major changes in the Government's anti-inflation policy.

The Tribune Group of Labour MPs said in a statement that the Government should abandon its "obsession" with curbing wages.

"The workers have been asked to carry the can for all price rises even though most of those rises are not of their making," it said.

Workers had shown remarkable restraint for three years. "Is it any surprise their patience is exhausted?"

The group demanded the immediate implementation of policies spelled out in party documents since 1973.

These included a measure of controlled reflation—"including an expansion of social expenditure to which a contribution will be made by paying a decent living wage to all workers."

The Government was urged to introduce selective import controls and controls on prices.

The group called for an enlarged National Enterprise Board to stimulate industrial investment and create jobs. This should be backed up by compulsory planning agreements and with public revenue from North Sea Oil and gas.

It also urged further cuts in arms expenditure, a wealth tax and an effective corporation tax.

"We believe that if these tasks were tackled urgently and with a political will, a new climate would be created in which there could be an orderly approach to the growth of wages and salaries."

Pledge to end tax evasion

GOVERNMENT moves to stamp out tax evasion among Fleet Street newspaper workers were promised in the Lords today.

Lord Gridley (C) described bogus payments made to casual workers in the industry who he said were retired, dead, or had never existed.

He said it had been firmly established in Fleet Street that payments to casual labour were the responsibility of the unions or individual chapels (office branches).

For the Government, Lord Jacques said the Inland Revenue had begun last summer an intensive investigation into tax arrangements for Fleet Street casual workers.

The Government hoped to introduce new procedures next month which should eliminate the tax irregularities.

The Earl of Lauderdale (C) called for urgent measures.

Prices Bill passes its final obstacles

BY JOHN HUNT

THE GOVERNMENT'S controversial Bill introducing tighter price controls passed its final hurdle last night when the Commons accepted an amendment giving greater protection to companies hit by increases in raw material costs.

The legislation—the Price Commission (Amendment) Bill—was then sent back to the Lords for immediate Royal Assent.

The measure removes the automatic profit safeguards which enabled companies to put up prices while their application for an increase was being considered by the Commission.

The changes on raw material costs were forced on the Government as the result of a defeat in the Lords last week.

Liberal peers, with the backing of the Tories, had forced through an amendment to retain protection for companies hit by a rise in the price of raw materials.

But the Government then compromised by inserting a similar amendment of its own, and this was the one approved without a vote by MPs last night.

It differs slightly from the original Lib-Con amendment in that it still allows some discretion to the Price Commission in deciding whether a company qualifies for an increase on the grounds of raw materials.

The alterations to the Bill were made in the Commons last night after barely 10 minutes of discussion. At first, Mr. Robert Maclennan, Under-Secretary for Prices—obviously embarrassed by the situation—merely proposed the necessary amendments without any debate.

But he was challenged by Mrs. Sally Oppenheim, the shadow Tory prices secretary, who claimed that the Government's climb-down showed that it has lost control "not only in the country but the House as well."

Mrs. Oppenheim argued that the amendments "accepted so swiftly and without any remarks" by Ministers, represented a considerable and humiliating retreat by the Government.

The position of the Opposition front bench on the Bill was now in direct contradistinction to that which it had maintained when it introduced the legislation. It was making the changes only as a direct reaction to the defeat in the Lords last week.

This showed that the Government could no longer get even a one-clause Bill through both Houses of Parliament without significant and important amendments.

She pointed out that Mr. Roy Hattersley, the Prices Secretary, had originally argued that the purpose of the legislation could be achieved only if it went through unchanged.

The present alterations did not go as far as the Tories would have wished and did not make this "measly little Bill" any more acceptable.

Nevertheless, it did represent an important concession by the Government.

Concordat battle lines forming

By Richard Evans, Lobby Editor

THE POLITICAL argument that will rage over the concordat being drafted between the Government and the trade unions, expected to be agreed and published tomorrow, was already developing yesterday between Ministers and Opposition leaders.

Sir Geoffrey Howe, shadow Chancellor of the Exchequer, said the agreement would be presented as an assurance that only a Labour Government was capable of peaceful co-existence with the trade union movement.

That illusion, he said, has been blown sky-high by the experience of the present winter of strife.

In his view, "This frantic re-union of the two halves of the Labour movement will be the ball and chain that is bound to hold back any further Labour Government from coming to terms with the pressing need for economic change, unobstructed by the mythology of the left."

Any real social democrat must be viewing this week's developments with deep despair, Sir Geoffrey argued in a speech to a London conference.

But Ministers predictably took a much more optimistic view in the belief that the agreement could help make the current pay round better than feared, as well as introducing longer term reforms.

The hope is that if average pay settlements can be kept below last year's figure of 14 per cent and if the exchange rate remains stable, inflation should stay in single figures throughout 1979.

There is every sign that Ministers intend to stand firm against the NUPE claim in order to ensure that the so-called "going rate" of around 15 per cent does not take hold throughout the public service.

If agreement is reached tomorrow by the TUC general council, Mr. Callaghan is expected to make a statement to the Commons in the afternoon.

There will later be a joint meeting of the Parliamentary Labour Party and the National Executive Committee to discuss the political implications of the agreement.

'No justification' for action by civil servants

BY IVOR OWEN

WITH APRIL 1 the operative date for their next pay settlement, there can be no justification at present for talk of industrial action by civil servants, Mr. Charles Morris, Minister of State for the Civil Service, insisted in the Commons yesterday.

"Let us complete the negotiations before anybody suggests any mad leap into industrial militancy and action," he said.

Mr. Dennis Skinner (Lab., Bolsover) had warned of "talk of industrial action" when pointing out that the low-paid in the Civil Service included some counter clerks in social security offices who were receiving less than the benefits they paid out.

The Minister replied that the extent of low pay in the Civil Service would be established only when the task of processing the 450 reports of the Pay Research Unit—the last of which was updated on February 7—had been completed.

Mr. Dennis Canavan (Lab., West Stirlingshire) maintained that it would be a "dishonest farce" if the Government, having re-constituted the Pay Research Unit, failed to give a firm commitment to implement its findings from April 1.

He was supported by Mr. John Ovenden (Lab., Gravesend), who called for an assurance that the Government would accept the findings of the Pay Research Unit and not try to tie the Civil Service to the 5 per cent guideline.

Mr. Morris stressed that the Government's position had not been wholly ungenerous.

Civil servants had received increases of up to 30 per cent in 1975 on the basis of reports by the Pay Research Unit.

Throughout the period of pay policy they had received the maximum increases available.

Grylls tries to help jobless

BY COLLEEN TOOMEY

A PRIVATE Member's Bill aimed at Britain's 800,000 small companies could create thousands of new jobs by providing a loophole in the Employment Protection Act.

Under the Employment Opportunities (Small Businesses) Bill, a new type of temporary employment contract would enable an employer to offer a job for up to two years without infringing the unfair dismissal provisions of the Employment Protection Act.

The Bill, proposed by Mr. Michael Grylls (C., Surrey NW), vice-chairman of the Conservative Industry Committee, has its first reading on Friday.

Mr. Grylls, who claims to have the backing of small companies' organisations throughout Britain, said that the Bill would help solve Britain's unemployment problem.

"The present Employment Protection Act is all very well for those who have some employment to protect," he said. "But I am even more concerned about those who, because present law makes existing jobs such a precious possession, are not being offered employment of any kind."

Small companies which needed to recruit additional employees for a large export order, for example, would be able to do so without being forced to gamble on securing future export orders, he said.

Employees would be hired at the usual union pay rates and would be given two weeks' notice under the new proposals.

A second part of the Bill would require the Secretary of State to modify the rules under which former employees are at present able to take employers to an Industrial Tribunal.

Fabric inquiry

THE GOVERNMENT has decided to ask the EEC Commission to investigate the prices at which woollen fabrics are imported from the Prato district of Italy, Mr. Leslie Huckfield, Industry Under-Secretary, announced in a Commons answer last night.

He said the request followed representations from the Wool Textile Manufacturers' Federation.

Credit union motives praised in Commons

CREDIT unions provide a source of low-cost domestic credit and encourage savings, Treasury Minister of State, Mr. Denzil Davies told the Commons yesterday.

He was moving the second reading of the Credit Unions Bill which lays down a statutory framework for such financial co-operatives in Britain.

Mr. Davies said they already operated successfully in Northern Ireland and abroad.

He said: "A credit union is a self-help association, run on mutual lines, in which members agree to pool part of their savings in order to provide themselves with a source of low cost credit."

Interest was paid in the form of a dividend.

Loans were made on a personal basis and borrowers did not necessarily have to give security.

Mr. Davies said: "Credit unions are, in effect, financial cooperatives whose main object is to provide their members with loans for everyday requirements, whether goods or services, at the lowest possible rates of interest."

He said that there were already more than 50 credit unions operating in Great Britain.

Explaining their success, Mr. Davies pointed to the "common bond" of members—they may live and work in the same place or be members of the same church or group.

"This means there is a degree of co-operation and trust among them, and a network of personal acquaintance."

From the Opposition front bench, Mr. Peter Rees said credit unions had flourished without undue Government interference and supervision, and as far as possible this should be encouraged.

If people could regulate their own affairs they should be allowed to do so.

Referring to the rise to 14 per cent of the minimum lending rate, he said credit unions were a laudable and praiseworthy objective and one which would commend itself to the country at large.

Mr. Rees said he understood that there was a problem as to how credit unions should be fitted into an extremely complex legal and financial mosaic.

Labour MP, Mr. John Roper (Farnworth) said he thought there was a place for credit unions in Britain as they brought added competition to the present institutions which could only benefit the consumers.

He looked forward to the day when the Palace of Westminster might have a credit union.

The Bill was given an unopposed second reading.

Rhodesian inquiry to go ahead

By Ivor Owen

DESPITE the refusal of the House of Lords to participate, the Government intends to go ahead with a further inquiry to determine whether Ministers or civil servants were aware of the sanctions-busting operations which enabled oil to reach Rhodesia.

This was made clear yesterday by Mr. Michael Foot, Leader of the Commons, when he "deeply regretted" last week's decision by the Lords.

"The Government will come forward with proposals for dealing with the situation," he declared.

Mr. Norman St. John Stevas, the Conservative shadow leader of the Commons, said the Lords had rejected the proposal that five peers should join with four MPs in serving on the Special Commission.

"Do you intend to go ahead and set up a Special Commission of this House only?" he asked.

Mr. Foot confined himself to repeating that the Government would make its proposals in the light of the decision taken by the Lords.

Fisherman's radio channel to start

THE CREW of seven on board the fishing vessel Tarradale II were now presumed lost off the Norwegian coast, Mr. Stanley Clinton Davis, Shipping Minister, told the Commons yesterday.

He also announced the establishment of an experimental emergency radio channel exclusively for fishing vessels. It will operate from April 1979, initially for two years.

Mr. Davis, replying to an emergency question from Tory MP Sir John Gilmour (E Fife), said there had been no contact with the Tarradale since Friday February 2. Her position then was 170 miles east-north-east of Peterhead. Storm force winds were later reported in the area.

Mr. Davis said helicopter and rescue services began searching the area on February 7 when the owner reported that the Tarradale was overdue.

On Saturday, a Nimrod aircraft spotted a fishing marker buoy, fish boxes and wreckage. These were later recovered by a Norwegian coastguard cutter and taken to Aberdeen for identification.

"I very much regret having to inform you that the Tarradale II must now be presumed lost," he told MPs.

"My Department has accordingly commenced a preliminary inquiry into this casualty."

The new radio link would enable fishing vessels to make quick contact with the shore if difficulties developed, he said. It would not replace distress calls.

Almost all the crew of the vessel came from the constituency of Sir John Gilmour who urged the Minister to bring forward the introduction of the radio frequency to mid-March.

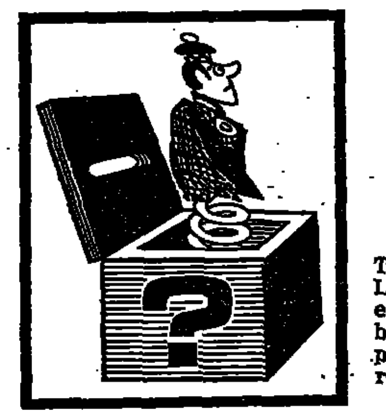
"This is the second time a vessel has been lost in this area and it is giving great concern," he said.

But Mr. Davis said this would be difficult because of the instruction and guidance that would have to be given in the operation of the new system.

From the Tory front bench, Mr. George Younger called attention to the "extraordinary length of time" from the vessel's last reporting-in on February 2 to the date it was reported missing on February 7.

Rail assurance

THERE ARE no proposals to close any rail passenger lines in Wales, Mr. Barry Jones, Welsh Under-Secretary, said yesterday, during Commons questions. He was replying to Mr. Ronald Atkinson (L, Preston



Devolution campaign reports by Robin Reeves & Ray Perman

Campaign briefs

Some MPs have been "unscrupulously misleading the public" about the cost of the Welsh Assembly, Mr. Gwynfor Evans (Plaid Cymru Carmarthen) said yesterday.

Money allocated to provide for the Welsh Assembly would be better spent on building a new hospital in Wales, Mr. Neil Kinnock (Lab, Bedwellty) told the Commons.

Campaign exposes divisions in SLP

BY CHRISTOPHER PARKES

THE SPLIT in the Scottish Labour Party over devolution emerged clearly yesterday as both sides launched their public campaigns for the referendum on March 1.

Officially, the party is campaigning for a "Yes" vote and began an intensive programme of rallies in the main cities, with a meeting in Glasgow last night, addressed by the Prime Minister.

He will be followed in the next two weeks by seven of his Cabinet colleagues.

But in Edinburgh yesterday, Mr. Robin Cook (Edinburgh Central), one of the leaders of the Labour Vote No campaign, said that Labour voters and party workers were turning against devolution as they realised the price that would have to be paid.

A future Conservative Government, he claimed, would reduce the number of Scottish MPs at Westminster, as "tit for tat" for setting up a devolved Assembly in Edinburgh.

Labour Vote No claims the open support of seven of the 39 Scottish Labour MPs, with three more in sympathy but reluctant to declare publicly where they stand.

Mr. Cook said many Labour activists all over Scotland had formed local groups to work against an Assembly.

But the organisation had deliberately not asked constituency parties to set up "No" committees as this would have been directly against party policy and unnecessarily divisive.

The latest opinion poll shows that support for devolution among Labour voters has fallen by 11 per cent since last month. Only 47 per cent would now vote Yes, compared with 34 per cent No and 19 per cent undecided.

The Prime Minister spent the day in Lanark, where he addressed the local Labour Party, which is one of those split over devolution.

PM asked to balance broadcasts

By Our Scottish Correspondent

MR. TEDDY TAYLOR, shadow Scottish secretary, yesterday called on the Prime Minister to intervene in the row over broadcasting time given to both sides in the Scottish referendum campaign.

He said Mr. Callaghan should use his authority to ensure that the "Yes" and "No" campaigners are given equal air time between now and March.

Mr. Taylor told a Press conference of the Scotland Says No campaign in Glasgow that, with party political broadcasts bein used to state the case for and against the proposed Scottish Assembly the Yes campaign would have won a 5-1 advantage by the time of the referendum.

The controversy has already been taken to the High Court in Edinburgh where the broadcasting authorities will be challenged on the issue on Wednesday.

Mr. Taylor said that each side should be allocated two or three broadcasts on non-party lines to state their case.

Welsh concern over 'pygmy parliament'

BY ROBIN REEVES

THE Government's Welsh Assembly proposals contain the seeds of destructive conflict and instability that threaten the unity of the UK, says the Wales No Assembly Campaign guide published in Cardiff yesterday.

Painting a lurid picture of the dangers if the Assembly is established by a majority Yes vote in the March 1 referendum, the guide warns that the Government's reserve powers to override Assembly decisions in certain areas could provoke a major constitutional clash between Cardiff and Westminster.

It predicts fierce arguments over the level of the annual block grant to finance the Assembly's operations, and far-reaching effects resulting from the division of civil servants' loyalties, executive and legislative powers, and different classes of MPs.

The Assembly's mandate to review the structure of Welsh local government would, it says, herald a period of uncertainty and confusion which local government in Wales could ill afford.

Welsh MPs would be reduced to the status of "Parliamentary pygmies," being no longer able to ask Parliamentary questions about the whole range of matters which will become the province of the Assembly.

Launching the guide in Cardiff yesterday, leaders of the Conservative-dominated No umbrella, under the chairmanship of Mr. David Gibson-Watt, a former Tory minister, also claimed the Assembly would impair business confidence.

Local authorities might be denied their full share of the rates support grant and might make up the deficit by rating commerce and industry more heavily.

More than one speaker deplored the fact that the Welsh Development Agency, Wales' equivalent of the National Enterprise Board, had been "thrown into the political pot" under the Government's devolution proposals.

Regional quirks will affect the fate of Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE FATE of devolution in Scotland will be decided at the referendum on March 1, not by the nation acting as a whole, but by the sum of its parts.

The regions have distinctive characters and concerns. They have acted in different ways politically in the past and there is no reason why it could not do so again.

An obvious example is North East Scotland, the prosperous fishing and farming district administered by the Grampian and Tayside regions.

It has seen the most direct impact of the oil industry—on already thriving towns like Aberdeen and on those in need of a lift, like Dundee.

The area once had strong Liberal and Conservative traditions but has also seen dramatic political change.

In the two 1974 general elections, the Scottish National Party took six of the 11 seats in the area—more than half the total of its gains for the whole of Scotland. In most other constituencies, the intervention of an SNP candidate slashed Labour and Conservative majorities.

Since then and particularly in the last 18 months—there have been signs that many voters who changed their allegiance four years ago are moving back to their previous political choices.

A big question in the referendum will be how far the switch to the SNP indicated support for more home rule and, if it did, how far that attitude still persists?

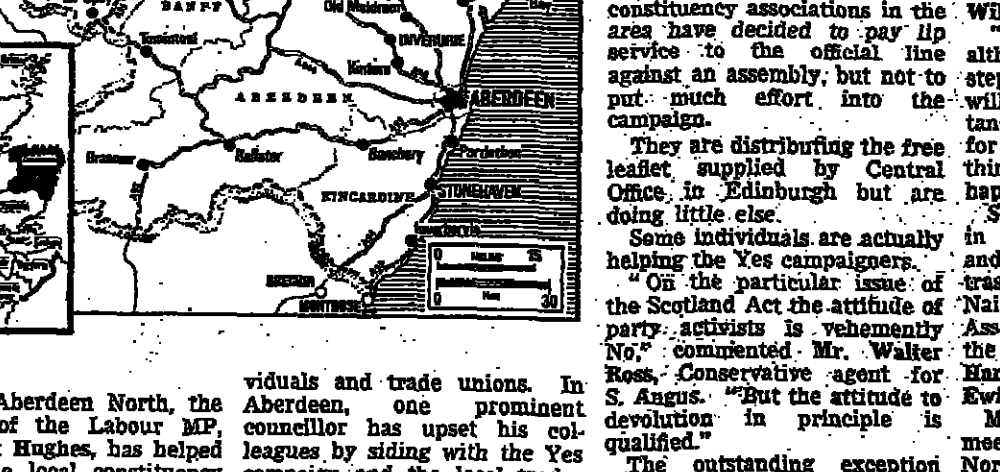
The decision of the North East will be important. The combined electorate of Tayside and Grampian exceeds that of Glasgow.

Campaigns are beginning although both umbrella groups, "Scotland says No" and "Yes for Scotland," have already set up local organisations and are distributing leaflets, canvassing and holding meetings.

Most of the door-to-door campaigning will fall on the parties, however.

Forces are divided on both sides and the already fragmented political parties look more split the further one moves away from their headquarters.

Labour is mounting a strong campaign for a Yes vote in Dundee, notwithstanding the opposition to a Scottish Assembly of Mr. Peter Doig, the retiring MP for Dundee West.



But in Aberdeen North, the influence of the Labour MP, Mr. Robert Hughes, has helped to turn the local constituency party against the Assembly. It is mounting a vigorous campaign in opposition to the official Labour Party line.

The picture is further complicated by the stance of individuals and trade unions. In Aberdeen, one prominent councillor has upset his colleagues by siding with the Yes campaign and the local trades council finds itself fighting against its political friends.

The Tories have similar problems in their rural strongholds. Many farming Tories still cling to Mr. Heath's 1968 commitment to devolution.

There is immense respect for Mr. Alick Buchanan-Smith (N. Angus and Mearns) who resigned from Mrs. Thatcher's front bench to preserve his pro-devolution stance. He is now campaigning on the Yes side.

At least five Conservative constituency associations in the area have decided to pay lip service to the official line against an assembly, but not to put much effort into the campaign.

They are distributing the free leaflet supplied by Central Office in Edinburgh but are doing little else.

Some individuals are actually helping the Yes campaigners.

"On the particular issue of the Scotland Act the attitude of party activists is vehemently No," commented Mr. Walter Ross, Conservative agent for S. Angus. "But the attitude to devolution in principle is qualified."

The outstanding exception among the Tories is in Aberdeen, the seat of Mr. Iain Sproat, which has been as consistent an opponent of devolution as Mr. Buchanan-Smith has been a supporter. His constituency party has already started a vigorous No campaign.

Surprisingly, there is also a difference of opinion among the SNP. All will be campaigning for a Yes vote, but some are doing so half-heartedly.

"There is no wild enthusiasm among SNP activists for an Assembly," said Mr. Gordon Wilson (Dundee East).

"It is not what we want, although we recognise it as a step in the right direction. We will be campaigning simultaneously for an Assembly and for the next general election. I think our people will be quite happy doing both."

Similar attitudes are evident in East Aberdeenshire, Perth and East Perthshire. In contrast, Banff and Moray and Nairn are mounting strong pro-Assembly campaigns, reflecting the position of their MPs, Mr. Hamish Watt and Mrs. Winnie Ewing.

Mrs. Ewing is addressing meetings widely throughout the North East and is confident that her constituency will turn out a big Yes majority on March 1.

"I am determined, as a matter of pride, to get more than 40 per cent in my own constituency."

You're looking at Mike Brace. Age 26, and a winner. Judo green belt. Hot at skiing, fencing, canoeing, football, ice-skating, life saving. A cross-country skiing contestant for Britain in the 1976 Winter Olympics for the Disabled. And blind since he was ten.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Test rig will cut production times

TOP PRIZE winner at this year's National Engineering Design Competition organised by the Institution of Mechanical Engineers is an experimental grinding rig incorporating a high-accuracy programmable control system designed and engineered by ASR Servotron of Congleton.

Design of the rig was by John Liverton, a 28-year-old project engineer employed by T. I. Matrix and seconded to work on the Science Research Council a sponsored grinding programme at Bristol University.

Aim of the experiment is to investigate high stock removal using creep rotation plunge cylindrical grinding, a process which uses extremely slow workpiece speeds in the order of 1 rev/minute, but depths of cut of up to 5 mm on diameter. This combination of slow speed and deep cut is intended to produce high rates of stock removal and a ground finish on one machine, obviating the need for a preliminary turning operation.

In the grinding operation, the grinding wheel rotates but the grinding wheel assembly remains stationary and the workpiece—and dresser when necessary—are fed to it. To achieve high machine stiffness, reinforced concrete is used for the machine base and hydrostatic bearings are used for moving elements.

With the exception of the motor driving the grinding wheel, all other drives—dresser slide, workpiece slide and workpiece spindle—are part of the ASR Servotron integrated control system.

This replaces the conventional hydraulic ram-stepping motor drive combination with dc permanent magnet servomotors and Servodriver transistor controllers. The high output torque produced by this combination obviates the need for the gearboxes and pulley systems required by conventional systems. Closed-loop positional and speed control is effected through ASR Servotron Syndexer positioning systems.

Completely pre-programmable control is achieved through the interrelating of the positional data from the Syndexers in a static logic to provide constant determination of the workpiece diameter. Thus, all the operator has to do is to enter into the system the diameter of the raw workpiece and the required diameter of the finished product. This done, the whole grinding sequence can be carried out automatically.

There is even provision for the feed speed of the work slide to be stepped down automatically when intermediate workpiece diameters — preselected by the operator—are reached. In addition the system incorporates a number of safety locks which prevent the grinding process from taking place if operator safety procedures are overlooked.

Further information on the controller from: ASR Servotron, Radnor Park Industrial Estate, Congleton, Cheshire CW12 4XD. Tel: (02602) 78111.

Precise cuts on the move

FOR USE with "flying cut-off" machines from Alpha Industries Inc in which the output from a tube weldmill is cut to length while on the move, a digital electronic system called CLC (command length control) enables accurate length and length change data to be programmed direct from a control console with no interruption to mill production.

The unit works in conjunction with accelerating dies which come up to the speed of the tube, clamp on at the correct place and make the cuts. Previously, simple mechanical tripping has been used, resulting in poor tolerances and waste. Cuts to about 0.03 ins can be made with the electronic system.

Tube lengths from 30 ft down to 18 ins are within the range of the machines; 52 cuts/min can be made at 300 ft/min and 35/min at 450 ft/min tube speed.

Agents for the equipment are White Stage Industrial Marketing, Hollybush Lane, Amersham, Bucks HP6 6EB (02403 5870).

● HANDLING

Low cost pallets

BECAUSE OF high productivity, achieved by using automatic welding and assembly equipment, a 1 tonne mesh panel pallet is offered at under £30—the lowest price for a UK manufacturer, claims Adamson Containers, Station Road, Reddish, Stockport, Cheshire (061-432 0211).

Standard range consists of 1and 2 tonne steel pallets, most of which are available ex-stock. They have plain, mesh or corrugated side panels and the option of removable or half drop sides to meet different loading requirements. They can be stacked up to five feet high and are designed for fork lift truck handling. Facilities for crane handling can be provided.

Construction is in formed angle base rails, mild steel sides and base and formed feet. Dimensions for the 1 tonne pallet are 915 x 610 x 762 mm high, and the 2 tonne model, 1,016 x 1,016 x 829 mm high.

Powders are blown by a gun

POWDER GUN units for use in conveying granulated materials ranging in size from fine powders to granules of relatively large particle size, have been developed by Bower Engineering of Hednesford, Staffs.

The Bower gun, for which a patent is pending, has been designed for use in many manufacturing processes involving free flowing powders and may be used in process hopper loading, container filling and discharging, or as a line booster.

It has the advantage of being simple and easier to instal than most alternative methods of material transfer. It may be used in many applications where high cost, sophisticated apparatus has previously been necessary. For example, dependent upon the application, it is suitable for replacing mechanical elevators, rotary air lock valves, complicated pump systems, screw conveyors, or certain suction systems.

Built to a design without restrictions to material flow, the gun is capable of operating with gas (air) pressures from 5—80 p.s.i. and is particularly compatible with the Roots type of blower, which has operational pressures of between 5 and 15 p.s.i. The fact that low pressure air may be utilised makes it a convenient method of material transfer.

Bower Engineering on 054 38 5323.

● QUALITY CONTROL

Looking at surfaces by laser

FERRANTI'S Measurement and Inspection Group pioneered the application of the laser for inspection purposes and has now established a Laser Inspection Industrial Advisory Unit at Dalkeith to answer technical queries on the types of tasks for which laser inspection techniques are suited.

In addition, similar units have been set up in W. Germany and Japan where Ferranti laser scanning analysers can be shown in operation and trials on materials can be performed to assess the potential of laser inspection for solving problems. In the near future it is intended to form a further such unit in France.

Primary applications for which Ferranti laser scanning analysers have, or are being used are to evaluate: surface quality, gloss, thickness (of translucent materials), and the geometric shape of flat objects.

The standard analyser—Type 71B—is a high-speed high-resolution optical scanner, which will detect, analyse and provide instantaneous warning of faults in moving sheets of material such as paper, rubber, plastics, non-wovens, glass, metals, etc., and on flat objects made from such materials.

A low-power near infra-red laser source is used to produce a small diameter beam of high intrinsic brightness. This beam of laser light is rapidly and repetitively traversed across the surface of the moving materials. Receiver units set to collect reflected or transmitted laser light from the material being examined produce signals that are analysed to identify faults. The laser scanning analyser (LSA) contains an integral data processing unit which assesses the magnitude and frequency of faults, and generates signals for operating alarms, marking devices, recorders and other external control circuits.

LSA Type 71C consists of the standard system together with a high-speed buffer unit called a Scan Digitiser, which is a sophisticated digital interface converting the high-speed LSA signals into a form easily handled by calculators and computers. Software packages can be supplied to customer order for data logging and quality reporting, or for the operation of downstream marking or addressable reject systems. The 71C can also be employed to inspect objects for particular geometric characteristics as they pass by on a conveyor.

It is used as an optical densitometer capable of monitoring the thickness of translucent materials such as non-wovens and plastics, over their full areas.

Ferranti, Thornybank Trading Estate, Dalkeith, Midlothian EH22 2NG.

● CONSTRUCTION

Machine has many roles

DEPENDING UPON its attachments, a multi-purpose machine promises to excavate trenches and lay pipes in them, dredge, load and unload heavy or awkward objects, pick up and remove debris from building sites, break up and remove old kerbstones and replace them with new ones, bore holes for the erection of posts, or lift a man up 9 metres from ground level to carry out maintenance work, etc.

All these tasks can be carried out by just one operator, and the machine can be supplied in kit form for fitting on to most types of chassis/cab vehicle with a minimum gross weight of 10 tonnes and a recommended wheelbase of 4.57 metres, says maker H. Steiner, Park Hall Road, Longton, Stoke-on-Trent, ST3 5AZ (Stoke - on - Trent 315131).

Developed primarily for the construction industry, the machine consists of a hydraulically operated articulated boom carried on a king post assembly fitted to one side of the vehicle's chassis (behind the cab) via two outriggers.

When the equipment is to be used, the king post is extended hydraulically via the top outrigger to a maximum of 1.4 metres from the side of the lorry to provide the best post position for the particular job being undertaken. Lower outrigger acts as a guide and stabiliser and the king post is further braced by two stabilisers which are fixed to the chassis. These lock the king post in both the working and parked positions.

Operations of positioning the king post and all subsequent workings of the boom are controlled by the lorry driver from a console on the lorry platform behind the cab.

The company says that its HSM 800 machine can also be fitted to agricultural tractors, short wheel base vehicles or articulated units.

Spiral stairs in demand

THERE IS no doubt, in the memories of spiral stair manufacturers, that 1975 was a disastrous year. The Building (Third Amendment) Regulations 1975 were announced, and centre column spiral staircase makers found that the revised table to H.3 contained anomalies which were difficult to understand.

Moreover, local authorities had problems in interpreting the amendment, with the result of a go slow attitude in the industry which seriously affected sales.

After a number of companies had approached the Building Regulation Division of the Department of the Environment it was decided that a joint representation in the form of a trade association would be most effective. And so, early in 1976, the Spiral Stair Manufacturers' Association was formed.

Initial task for members was to explain how their products fitted in with the Regulations. Meanwhile, persistent customers were prepared to wait for applications to be processed by local authorities. It soon became clear, however, that such was the demand for spiral staircases throughout the country that in order to prevent the same problems having to be dealt with time and time again, some action was required.

A guidance memorandum, covering the problems arising, was proposed, but decided against by the D.o.E. Instead, explanatory diagrams were produced by the Department and circulated to local authorities to illustrate the complex nature of spiral staircase geometry. The Association has welcomed these as a useful temporary measure pending the next revision of the Regulations in 1980.

Today, despite the initial setback, more spiral staircases are being sold than ever before. In UK alone the market is worth well over £3m a year. Up to 95 per cent of local authorities have resolved their interpretation problems, and designers can submit their proposals incorporating spiral staircases, fully confident that they will obtain approval.

Further from the secretary at Albion Design, The Studio, Ellington Street, London N7 8PP (01-607 4223).

● PACKAGING

Continuous marking of goods

A FLOWLINE coding and marking unit, the Lawco Econocoder from Lawtons of Liverpool, 60 Vauxhall Road, Liverpool L69 3AU (051-227 1212) is designed for packing installations where space is at a premium and ancillary equipment has to be mounted in confined or awkward spaces.

A pre-inked micropore roller system is used with rubber type wheel incorporating plastic locking rings for easy type changes. This "Riblock" system offers interchangeable rubber type in a variety of stock sizes and styles, with specific company logotypes made to order. The micropore roller minimises down-time, giving many thousands of dense impressions before replacement is needed.

The unit repeats its message every 250 mm (about 10 in) and there is a simple vertically clamped rod adjustment for imprint height. The spring mounting of the wheel arm provides 50 mm of side travel to allow for positional variations of items on the conveyor. Left or right-hand mounting above or below the conveyor line allows items to be marked on all sides at one pass.

● SAFETY

Warns of the presence of gas

GASALERT GAS detector, working from mains electricity, will detect the presence of town, natural or LP gas in the atmosphere and give warning with a continual and high-pitched buzzing note. The sound, equivalent to 65 decibels, ceases when the atmosphere clears.

Suitable for domestic, office or industrial use, the appliance can be wall or floor mounted—the location dependent on the gas it is required to detect. For town or natural gas, both of which are lighter than air, the Gasalert should be mounted 1½-2 metres above ground level, while for heavier than air gases like butane or propane, the appliance should be sited 30-50 centimetres from the supply, at ground level.

Guaranteed for a year, the device is available from Camping Gaz (GB), 126-130 St. Leonards Road, Windsor, Windsor 55011.

● Wang is now recognised as the second largest supplier of small business computers in North America and the largest worldwide supplier of screen based word processing systems.

It is doing very well in the U.K. too!

WANG

COMPUTER AND WORD PROCESSING SYSTEMS

● SECURITY

Micro cuts the cost

CHUBB ALARMS (42, Hersham Road, Walton on Thames, Surrey KT12 1RY, Walton 43851) reports that it has been able to reduce the multiplexing costs in its 8000 security control system by using a microprocessor-based system.

Previously the multiplexing central termination consisted of a bulky separate equipment: now all the functions have been housed on a single 8½ x 5½ in board that plugs directly into the back of the system's computer, a PDP 11/03.

Boards have been developed which will support up to 64 of the company's remote terminals, connected to the central point by data lines. Each of the terminals can accept up to 32 sensing devices such as card access terminals, building services terminals and simple contacting devices.

The company is at the moment installing 15 such systems throughout Europe.

● MATERIALS

Black glass enamel

COBALT-FREE black glass enamel is to be launched by C. E. Ramsden and Co., part of the ceramic division of the Lead Industries Group.

The announcement follows completion of a rigorous series of customer field tests, preceded by an exhaustive two-year development programme specifically set up to examine the problem of producing a deeper, more penetrating black glass enamel.

Being free of cobalt oxide—a commodity which has risen fourfold in price in recent months—the new product is expected to attract wide user attention.

Application range of the new black glass enamel is wide. It should find customers who are engaged in such activities as glass decoration, lighting, tableware, architectural flat glass, and conventional paints.

C. E. Ramsden is at Uttoxeter Road, Meir, Stoke-on-Trent, Staffs. 0782 316111.

"Don't they realise that manufacturers aren't the only businessmen who'd like to expand?"

If you'd like to expand your business, but can't afford the extra staff, then the Small Firms Employment Subsidy could be just what you need.

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Are you eligible? Tick three-find out more!

☐ A private independent firm.
☐ Under 200 employees on 9 Nov 78 (manufacturers)/1 Aug 78 (others).
☐ A manufacturer in Great Britain, or
☐ A business in a Development Area or Inner City Partnership Area.

If you think you qualify, send in the coupon for a leaflet or phone Jack Bellis on 01-214 6446/6201. You can apply for the Small Firms Employment Subsidy up to 31 March 1980. But the sooner you apply, the better.

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Name/Company

Address

Post to: Jack Bellis, Small Firms Employment Subsidy, P.O. Box 702, London SW20 8SZ or telephone him on 01-214 6446/6201.

FT12/2

Development areas. Inner City Partnership Areas only.

Department of Employment DE

New extended Scheme could now apply to you

THE JOBS COLUMN

Dear Sir, Your application got nowhere . . .

BY MICHAEL DIXON

HUBRIS, as doubtless many readers know, is the pride that goeth before a fall. But those who did not previously know it, had better learn it fast and also beware thereof, especially if they happen to be senior managers.

The reason is that I have lately had complaints from three different sources of the slipshod way in which top executives tend to apply for jobs. "Past experience leads me to believe that the more senior the candidate, the more cavalier he is in making such applications," quoth one of the complaining trio.

The carelessness is understandable. People raised into the higher spheres of management are liable unwittingly to be trained by other members of their company to assume that their value and character are taken for granted, and therefore that to take pains in presenting themselves would be to waste everyone's time.

Moreover, a justified belief in one's own importance seems somehow to communicate itself silently even to strangers, who usually behave accordingly. So the training received within the company tends to be reinforced by people met outside it.

But this probably unconscious trusting to their laurels on the part of proven senior managers is apt to wither their prospects on the open jobs market.

However assuredly they can leave their value to be taken for granted by the people they meet face to face, they can scarcely afford to leave it to be taken as read by an employer or a recruitment consultant to whom they have written for a job. Gone are the physical movements and tones of voice on which most human beings mainly rely to convey their authority and often the very meaning of what they say. Instead, all they have to represent them is dry words on paper.

To convey a personality with such restricted material calls for well-developed craft. Anyone who disbelieves me should sit down now and try to write on a single sheet and without risk of ambiguity a description of how a pair of scissors cuts a piece of paper, which is a ludicrously more simple phenomenon than even a junior manager.

Very busy

The handicap is made worse currently by the heavy demand for jobs in general management or at the top of functional departments. Recruiters who advertise posts with salaries of £15,000 or more nowadays commonly receive upwards of 150 applications, and recruiters are often very busy people.

"The last few times I've advertised for somebody high up, I've felt my heart sink when the replies were being piled up on my desk," said a personnel manager among my informants.

"I've come to believe that nine out of ten haven't even realised that they are writing to someone who's not only probably never heard of them, but doesn't even want to unless they are somewhere near matching the job specification that's in front of him. But do they bother to show how they might fill my needs? Do they hell! Well, hardly like, in most cases.

"More often than not, they don't even take the trouble to describe themselves properly. It's as though they just wrote down as many things as occurred to them in the space of a couple of minutes, then signed it and dropped it in the post box. And the way some of them scrawl! If recruiting high-ups were more than a small part of my job—which mercifully it isn't—I think I'd need an assistant who was an expert in deciphering."

So for top executives who hand-write their job applications, there may be a useful lesson in the education system. It is that one of the factors most closely associated with success in major examinations is the clarity of the candidate's writing.

The reason is probably that examiners, after wearily trying to disentangle meaning from script after script which looks as though it has been put together with a crochet hook, cannot help being unduly well disposed towards a set of answers that can simply be read.

Whether or not the application is to be in pen and ink, however, both it and the candidate's curriculum vitae need to be shaped in accordance with the needs of the job as set out in the advertisement.

Nor, in these days of large demand for high-level posts, are clarity and appropriate design enough. Given so much competition, the object of the application is to avoid being among the majority which are swiftly "screened out" as unworthy of an interview.

Appetiser

So the wise applicant will try to incorporate something arresting. As one example: I gather from various recruiters in Europe that the most useful effect in later life of a higher degree in management such as an MBA is the negative one of delaying the possessor's rejection from the list of contenders.

But one does not need membership of that or of any other haughty club to engineer the same sieve-blocking effect. For instance, a gentleman called Jim Smith (are you still out there, old friend?) once told me that he always embodied in his applications the fact that, during the Second World War, he had been the first soldier to cross the river Chindwin astride a female bamboo. At most of his many interviews, he added, one of the first questions was: "But Mr. Smith, why a female bamboo?" His answer of course was that a male one would have sunk.

I feel sure that few people with the experience to be successful senior managers can be bereft of some achievement which, tastily presented in a job-application, would similarly leave the average recruiter with an urge to discover more.

Another point which deserves care is the very first sentence. "I wish to apply for the position of group chief executive which you advertised in . . ." is straight to the point, it is true. But it severely risks lumping the writer with the majority who are inevitably to be discarded.

It is far better to realise that in writing the first sentence, the job-applicant is in much the same position as the journalist. Whether they are busy men looking through newspapers or recruiters perusing applications, readers' motives tend to be the same. They are seeking confirmation that they do not need to carry on reading, and as soon as they receive that confirmation, they stop. (I know this because I've been watching you in tube trains, City lunch-rooms and so on for years.)

The aim of the first sentence must therefore be to awake in the reader some sense of relevance that will carry him or her through the recital which follows. I know three young journalists who would testify, for example, that a highly effective way to start an application for a job in journalism is the sentence: "I want to work for you." It is the sort of "new cliché" that newspaper people seem unable to resist.

But I doubt that its effect could be other than repellent if it were used in pursuit of appointment—say—as a senior civil servant. Although I cannot be sure, the best opening there might be: "For several years now I have been demonstrably successful in wheedling money out of Treasury officials"—always provided, of course, that the job in question was not in the Treasury.

In sum, the only person of any real importance when it comes to the writing of a job-application, is the individual who on reading it will decide its fate. Unless that rule is accepted and applied, the most substantially experienced senior executive is no more proof than the lowliest clerk against the indignity of a short sharp drop into the waste-paper bin.

Senior Legal Assistant (L.5)

Salary £5,838 p.a.—£6,333 p.a. inclusive

The purpose of the Commission is the management and development of substantial commercial and industrial assets in several new towns, the centralised legal department being located at Victoria.

The emphasis of this post is on conveyancing but the successful candidate will be required to assist generally with the work of the department. Applicants, who must have considerable broad-based conveyancing and allied experience, will be required to work with minimal supervision and also have the drive and initiative to participate in the growth of the department. Applicants should have appropriate legal qualifications.

The post is superannuable and subject to the Commission's Staff Rules and Conditions of Service which include generous luncheon vouchers scheme for payment of removal and other expenses and interest-free annual season ticket loans.

Application forms and further details can be obtained from the

Chief Administrative Officer,
Commission for the New Towns,
Glen House, Stag Place, London SW1E 5AJ
or telephone 01-828 8631.

Closing date 5th March 1979.

Commission for the new towns

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We are international executive search consultants with offices in London and have been retained by an important Middle Eastern financial institution to identify a Credit and Marketing Officer. The successful candidate will report to a Credit and Marketing Team Leader and will be responsible for handling an assigned loan portfolio and for establishing marketing objectives and programmes.

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As our client is anxious to attract an individual of outstanding character and competence, the salary will be commensurate with his experience and the required skills. In addition there will be a generous range of fringe benefits.

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If you are interested, please contact Stephen Spain at Dublin 760306 or write quoting ref. 501/443.

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A leading Trust Company has an opening for a Trust Officer at its offices in George Town, Grand Cayman. Candidates must have at least 7 years' Trustee experience, and preferably hold a Trustee Diploma. *Commencing salary will be in excess of £9,000* tax free, with other benefits including Medical Scheme, Pension Plan and Group Life Insurance. Four weeks annual leave with fares paid to the United Kingdom.

Interviews will be arranged in London, Edinburgh and Manchester but in the first instance applicants should write by air mail giving full details of experience and qualifications to:

THE MANAGER, THE BANK OF NOVA SCOTIA TRUST COMPANY (CAYMAN) LIMITED
P.O. BOX 501, GRAND CAYMAN, B.W.I

CRANFIELD

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MANAGEMENT RESEARCHER required to work with the Management and Organisation Development Research Centre. The job requires someone with a behavioural science background, interested in doing applied research, with particular reference to the relationship between management education and practical management. The successful candidate will be expected to make some contribution towards teaching within the school, but the main priority will be the development of a practical research effort in association with a group of people concerned with action research.

The job would be suitable for someone between the ages of 25 and 32 *who has either a psychology or* sociology degree and/or experience of education or research. The salary range is £3,883 to £6,556 (under *review*).

Applications (including a curriculum vitae) should be sent by 5th March to:

Dr. Charles Margerison (B)
Professor of Management Development
Cranfield School of Management
Cranfield
Bedford MK43 0AL

Insurance Officer (F.8)

Salary: £5,838-£6,333 p.a. inclusive

The purpose of the Commission is to manage and develop extensive *commercial and industrial property in Crawley*, Hatfield, Welwyn Garden City and Hemel Hampstead. It will shortly begin to take over the similar estates in certain Development Corporations.

The post is situated in the Centralised Finance Department at Commission Headquarters, Victoria, S.W.1. The postholder will be responsible, under general supervision of a Principal Finance Officer, for ensuring that all insurance risks are appropriately covered, *and will be responsible for day-to-day administration* of all aspects of the Commission's insurances.

Duties will include the maintenance of property records; submission of claims; notification of rechargeable premiums; and liaison and correspondence with Estates Departments, Brokers, Tenants, Insurance Companies.

Applicants should be qualified to associateship level of the Chartered Insurance Institute (ACII). Extensive experience in relevant insurance work is essential.

The post is superannuable and will be subject to the Commission's office staff rules and conditions of service which include 70p luncheon vouchers, interest-free season ticket loans, and scheme for payment of removal and other expenses.

Application forms and further details can be obtained from
THE CHIEF ADMINISTRATIVE OFFICER
COMMISSION FOR THE NEW TOWNS
GLEN HOUSE, STAG PLACE, VICTORIA
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Commission for the new towns

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Telephone 01-836 1707 (24 hr service) quoting Ref: 0914/FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA.

The above vacancy is open to both male and female candidates.

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Major insurance group requires a qualified chartered accountant for their Bermuda office. Excellent conditions of service. Age group 27/35 years. Salary $18,500.

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We require a Qualified Surveyor to control all aspects of our sizeable property interests and to play a major part in the continued development of the companys' real estate portfolio.

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Applicants, male or female, should write with full details to:

J. C. Walton, Assistant Director of Investments, Imperial Life Assurance Company of Canada, 28/29 St. James's Square, London SW1.

UNIVERSITY OF LIVERPOOL

Deputy Permanent Secretary and Bursar to the Guild of Undergraduates

Applications are invited for the newly created post of Deputy Permanent Secretary and Bursar to the Guild of Undergraduates, to assist *the Permanent Secretary and Bursar* who retires within the next four years. The post demands initiative and management experience, and *applicants should be suitably qualified* by training and experience.

The salary will be on grade II of the salary scales for Senior *Administrative staff (currently* £6,317-£7,754 per annum, but under review). It is anticipated that the appointment will be made in the *upper half of the scale.*

Further particulars may be obtained from the Registrar, The University, P.O. Box 147, Liverpool L69 3BX, by whom applications should be received not later than 26th March, 1979.

Quote Ref: RV/494/FT.

H. H. BURCHNALL
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SECRETARIAL APPOINTMENT

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TO £6,500

Your first class German, French and English sec. skills will go a long way towards pleasing the *demanding young American M.D.* of this City bank. But in addition he needs all the qualities of the PA who is used to dealing with *the varied work load of a top level* man. If you have the right mix of qualifications, would like to work in luxurious surroundings, *and earn an excellent salary, give* me a ring and discuss it. Juliet Hepburn,

Senior Secretaries
Recruitment Consultants,
3/6 Trump Street, E.C.2.
01-606 1611

LEGAL NOTICE

No. 00308 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of GURMUKH SINGH AND CO. LIMITED, and in the Matter of *the Companies Act, 1948.*

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High *Court of Justice* was, on the 30th day of January 1979, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam *House, 39-41 Mark Lane, London EC3R* 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 5th day of March 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said *Petition* must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address *of the person, or, if a firm,* the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be *served, or, if posted,* must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 2nd day of March 1979.

PERSONAL

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Since 1905 the Sisters of Charity have cared for the dying poor in the East End of London. At present they provide pain control and final comforts for 600 cancer victims every year in the Hospice and in their homes. Their personal needs are small but the cost of running the Hospice is beyond their means. They have given their lives to this delicate work—can you help them to continue with a little spare cash? Any donation would be gratefully received by Reverend Mother at the above address.

Annual Report available on request.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

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WANTED

DYNAMIC YOUNG EXEC. ASSIST. seeks top level position bilingual with corporate chief will relocate. Write Box A.6648, Financial Times, 10, Cannon Street, EC4P 4BY.

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FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. BRITISH ARTS 18th-20th Century.

FITSCHER FINE ART, 30, King St., St. James's, S.W.1. 01-839 3942. Recent work by two Canadian Realists: D. P. BROWN and JEREMY SMITH. Until 9 March. Mon.-Fri. 10-5.30. Sats. 10-12.30.

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REDFERN GALLERY. DAVID EVANS—Watercolours 1978. January 30th-February 28th. 20, Cork Street, London, W.1. Mon.-Fri. 10-5.30, Sats. 10-12.30.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of old Marine, Military and Sporting and Topographical Prints and Paintings and Ships Models.

TRAVEL

GENEVA daily jet flights from Gatwick with British Caledonian from £63 return. CPT. 01-351 2191.

FINANCIAL TIMES SURVEY

Tuesday February 13 1979

Factory and Industrial Equipment

Despite economic uncertainties, investment intentions by British industry are likely to amount to £4.1bn during 1979. This survey examines some of the major factors which influence decisions by industry to invest in new buildings and equipment.

Decisive issues on new projects

By Hazel Duffy

Industrial Correspondent

WHEN A company decides it needs new manufacturing facilities—whether as an addition to existing production or to replace capacity—the ideal course of action is similar to that for the householder confronted with the need for extra space. If resources are sufficient the company, ideally, will choose to start from scratch, just as the householder's most desirable solution is to plan and build a new house.

The company can then decide on the most convenient location from the point of view of transport, availability of labour, access to raw materials and components, as well as accessibility to customers.

The site having been chosen the factory can be designed around the production process, which itself will consist ideally of the latest equipment. The new factory can incorporate the most efficient methods of heating, lighting and ventilation, to the satisfaction both of the workforce and the management which is paying the bills. Handling and storing of raw materials and the product during its various processes can then be designed in the most efficient way, at considerable cost savings in the long term. If the site can be chosen in an area which qualifies for Government assistance, then so much the better.

For most industrialists, however, the only solution to the need for more space is to expand on the existing site. If there is land adjoining the existing buildings, then this can involve a new building. If not—and many older factories are on sites where there is no room for expansion—there is still considerable flexibility in rearranging and re-equipping the existing layout.

Another aspect of factory planning which frequently has been more important over the past few years is that of rearrangement to accommodate contraction of output. If this can be done, then better use of existing facilities can often be organised to save on overheads.

If the company's product is one likely to face a permanent drop in demand, then it may be better to move to smaller premises. On the other hand, if demand is static rather than declining, there is nearly always considerable scope for more efficient use of existing processes, particularly in the often neglected area of materials handling.

But the most decisive factor in influencing a company's decision to invest in new buildings and machinery is undoubtedly the expectation of growth. Capital spending dipped in the early 1970s and did not begin to pick up until 1977, when anticipation of increasing demands was the dominant factor.

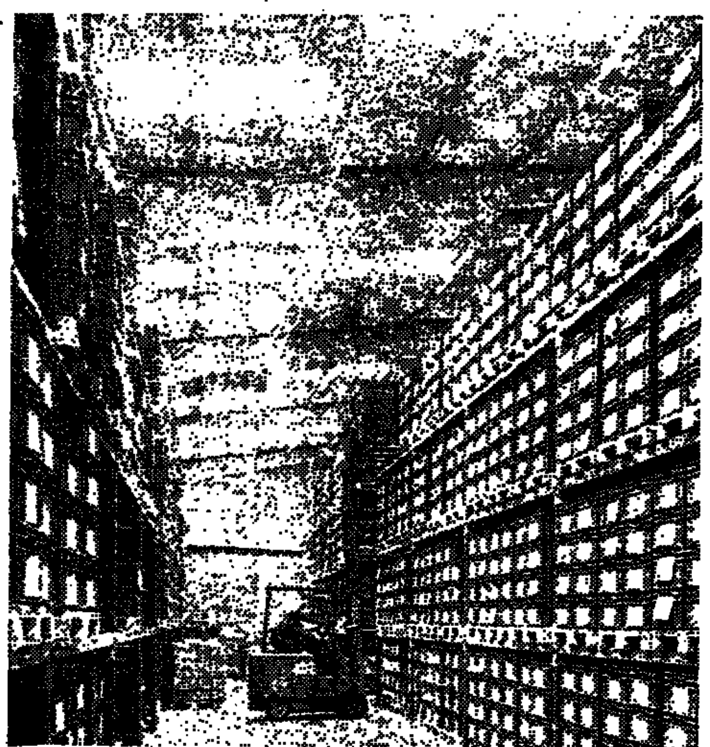
Buoyant

The Department of Industry carries out an investment intentions survey three times a year. During 1978 it was predicting particularly buoyant increases in spending, but by the beginning of this year, the estimate had been downgraded to a total of £3,860m (1975 prices), which is eight per cent above 1977. If the depressed steel industry is excluded, however, the increase is between 12 and 14 per cent, against earlier estimates of 14 and 16 per cent. The 1979 forecast is for a total of £4,100m.

Part of the explanation for investment coming out lower than anticipated may well be connected with the fact that leasing is becoming increasingly popular, and this is included in capital spending by the service industries instead of manufacturing industry. In any event, the figures confirm that industrialists are reluctant—and sometimes unable—to cancel investment plans once they have been drawn up.

Another factor increasingly influencing industry investment potential is growing international competition. The slackness in world markets has coincided recently with the strength of sterling, which has further eroded the slight competitive edge British industry had during the days of the weak pound.

Yet another factor which has increased industry's willingness for investment during the past couple of years has been the more profitable state of the corporate sector. Despite an unexpected dip in the middle of last year, the most recent figures on company profits from the Central Statistical Office are still indicating that they are healthier than the depressed levels following the 1973-74 economic boom.



Maximum use of available space in this temperature-controlled warehouse of Swissco Ltd. and Roco Food Ltd., food processors, was achieved with Dexion Speedlock racking. Goods are stored in plastic boxes, stacked 16 to a pallet.

The stock market also has been the source for a spate of investment funding in the past two to three years, while the period of low interest rates and lower rates of inflation were also an encouragement for investment. The rise in interest rates which started around the middle of last year have since made bank borrowing a less attractive source of funding.

Outcome

The Government has also had a hand in trying to encourage industry to increase its capital spending, although the extent of the effectiveness of its schemes overall has not yet been subjected to study. It may well be that such a study never can be really accurate as the outcome would depend on companies' desire to be absolutely honest about whether an investment would have gone ahead with or without government aid.

However, some schemes undoubtedly have brought forward investment, and sometimes secured spending which otherwise probably would not have taken place at all. The schemes fall into two categories: those for across-the-board industry, including selective investment, energy conservation, product and process development, and micro-processor applications; and those for particular industries, known as sectoral schemes.

The Government has allocated £365.5m to the latter schemes so far. Several of these have now finished, although processing of applications is continuing for some of them. Assistance is usually in the form of a grant of up to 25 per cent of the total cost, the company having to find the balance.

The selective investment scheme has had £150m allocated to it so far, and is designed specifically to promote investment in projects which will increase the efficiency of a company's production. This can mean sometimes that the project involves rationalisation—and perhaps loss of jobs—although at the same time the scheme is designed to create and maintain employment.

In certain circumstances this can give rise to a conflict of interests, as for example the recent refusal of the application by Dunlop—which has announced plans for large-scale job rationalisation—goes some way to demonstrate.

In addition to the above schemes, which are administered under section seven of the 1972 Industry Act, companies investing in development areas can pretty well automatically claim Government aid (the other schemes are discretionary). Plant, machinery and buildings in special development areas qualify for a 22 per cent grant; in development areas it is 20 per cent, and in intermediate areas it is 20 per cent for buildings alone.

Attraction

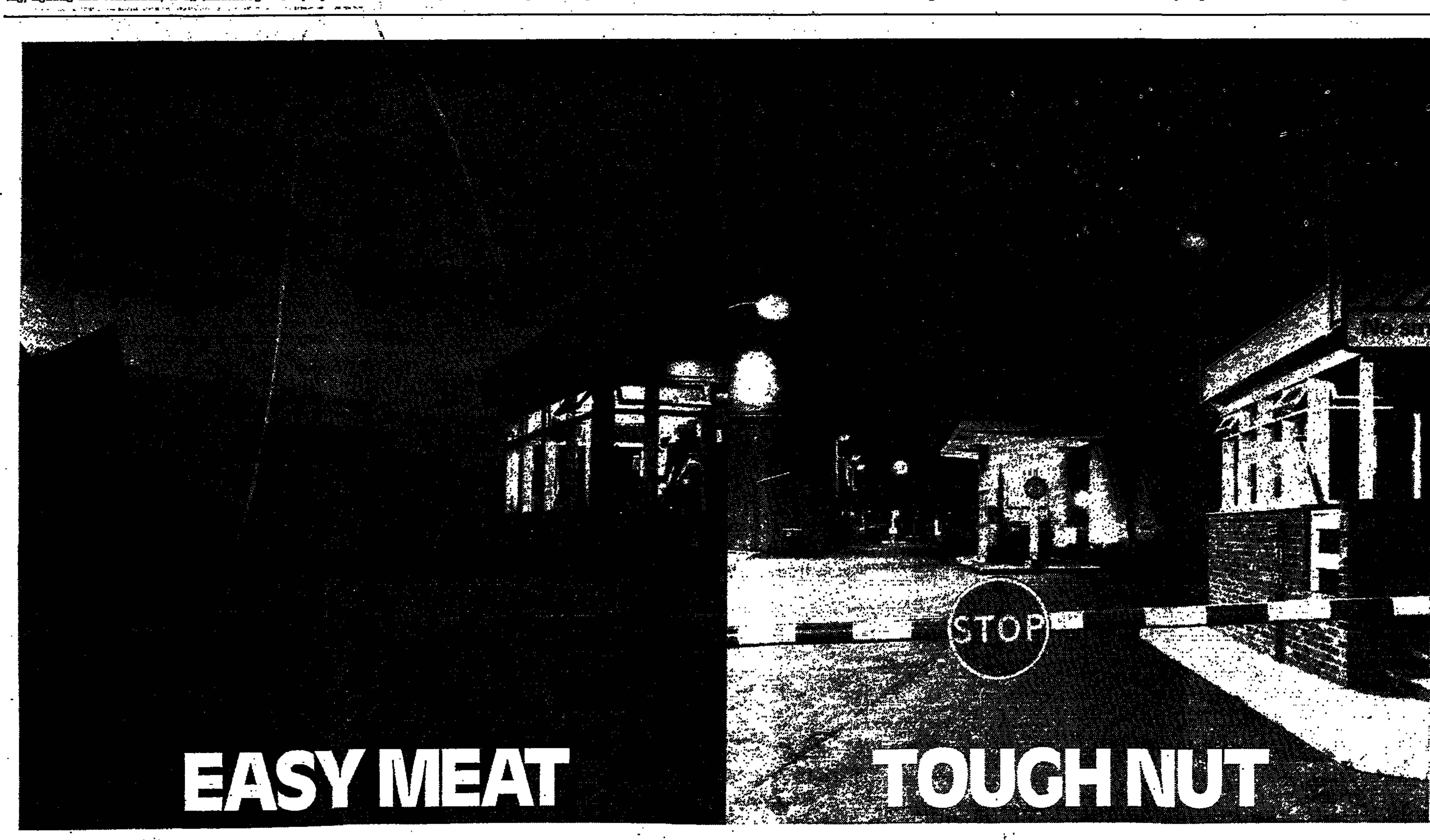
Companies can claim sometimes for both regional and selective aid, as Ford did successfully for its near £200m engine plant now being built in South Wales.

When a very large investment project such as Ford's gets under way, it stimulates investment in other industries as well. Machine-tool manufacturers, for example, often find that they have to invest to meet the specifications and delivery dates required by a customer such as Ford. This, of course, is one of the Government's justifications for being prepared to grant public money for the purpose of attracting footloose projects.

Most companies choose to take the Government's money in the form of interest relief grants, although the assistance can be arranged as loans or grants. As well as the Government, there are numerous other sources of money which companies can use, and sometimes, as in the case of loans from the European Investment Bank, for example, these are at rates of interest below the going market rate.

Many smaller companies feel that all these investment aid projects require spending at a higher level than they can afford—and certainly a few of the minimum qualifying projects under the sectoral schemes were pitched too high to begin with. For many companies, investment at much humbler rates can often yield savings which will pay for the initial outlay, within a fairly short period.

Specialist consultants exist in most fields and for the small as well as the larger operation are probably worth paying for. As economic uncertainties persist, this may be the level where most savings can be made.



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Benefits from better buildings

BRITISH INDUSTRY, it would appear, has at best a limited appreciation of the potential improvements in productivity and profitability which can be brought about by spending more on its buildings.

Many companies simply do not give sufficient consideration to an area of their activity which has long been regarded as an extraneous addition to production expenditure. According to the critics, they fail consistently to realise how output can be raised by improvements in production layout made possible by more efficient buildings, and invariably are surprised at the unexpected benefits which can come from a decision to spend money in this way.

At the same time, the construction industry itself has been slow to capitalise on industry's reluctance to invest in its buildings by failing to adopt an aggressive marketing approach and not pointing out the benefits which companies can derive by spending in this way. In short, the contractors are insufficiently responsive to the need of their industrial clients.

In the middle of last year, a document which appears to have become a compulsory talking point within the construction sector claimed that British industry's overall performance had been positively hampered by unsuitable factory and warehouse buildings and it attempted to demonstrate how new buildings could help.

Construction for Industrial Recovery—published by the building and civil engineering economic development committees, of NEDC (National Economic Development Council) represented a rare attempt to assess the scale of potential work within the industrial buildings sector for an industry itself faced with a serious decline in home demand. Some of the findings were predictable in their pessimism, though the report as a whole has given both industry and the construction sector a great deal to think about.

The report concluded that many buildings still in use are both old and unsuitable for adapting to modern production methods. The problems included too many floor levels, close spacing of supporting columns, insufficient headroom, inadequate loadbearing capacity, congested facilities for delivery of materials and despatch of finished goods, difficult working areas for fork-lift trucks and excessive handling of goods throughout production. The conclusion was that industry suffered from a lack of attention to plant layout and the quality of the working environment.

Message

A survey conducted as a preliminary to compiling the report—intended to demonstrate to industrialists and government the part played by new industrial buildings in raising productivity—showed, above all, most companies only considered building to increase capacity, yet big improvements in productive efficiency and working conditions could be achieved without the need for new capacity.

The message to companies arising out of the report was that buildings and plant layout always should be considered alongside proposals for investment and machinery and that companies need to examine the effectiveness of their buildings in terms of heat, light, space and layout.

According to the report, companies should ask themselves whether production layout can be improved, if production flow is as good as it ought to be and whether finished goods are stored and despatched in the best possible way. Industrialists should question whether the existing building is sufficiently flexible, whether medium-term business can continue on the present site or if an alternative one would make operations more efficient.

In the opinion of the building and civil engineering committees, the industrialist usually got no more than he deserved when it came to new buildings, with the end result often depending to a large extent on the effort expended by the client in establishing a good brief at the very beginning. For the inexperienced client, it is therefore essential for him to employ staff or advisers who can handle such a brief and supervise its implementation.

But the report was as much angled to the construction industry's efforts to provide new, more efficient and productive industrial complexes and it claimed that opportunities to sell more industrial building were being missed.

Productivity

In recommending that contractors should begin to sell their services as an essential aid to improved productivity and better working conditions, the report was touching on what has for some time been a major criticism of the contracting sector. For too long, say the critics, the industry has been content to accept the irregular demands made on its capacity and the apparently never-ending fluctuations in output, instead of promoting itself more forcefully to wring more business out of the market.

High on their list of priorities should be the development of a knowledge of the production requirements of the industries in which they specialise, together with a greater appreciation of the technical problems involved in adding to or reorganising production capacity. Too many members of the construction team were, said the report, too concerned with their own individual roles in the building process.

Nor did the professions escape the critical eye of the NEDO document, which suggested that the Royal Institute of British Architects and its fellow professional institutions should modify their "restrictive" codes of practice to promote the services of companies capable of providing services to manufacturing industry. Inexperienced industrial clients in search of help and information often found it difficult to obtain, largely because of the professions' reluctance to allow advertising and the tendency to steer potential clients to one member rather than another.

Institutions and federations representing the parties involved should also recognise, according to the report, that traditional contract procedures frequently do not meet the needs of manufacturing industry. The suggestion is that an alternative form of contract should be devised for industrial building which would enable one of the participants to take full management, legal and financial responsibility for the project and offer the added assurance of a design and product warranty.

There were chastening words, too, for the Government. In pressing for parity of treatment for buildings, associated infrastructure and machinery related to investment incentives, the report said that the less generous treatment of industrial buildings in depreciation allowances encouraged separate investment criteria for buildings and machinery. This in itself could be at least partially responsible for the lack of attention devoted to production layout and the quality of the working environment in British factories.

It added: "Industry's ability to view investment in buildings as an integral part of its investment programme would be made easier by the removal of Government discrimination."

The report pointed out that failure to obtain an industrial development certificate sometimes had led in the past to the continuing and intensified use of what already were unsuitable premises. In emphasising that industry still regarded industrial development certificates as an inhibiting factor in investment decisions, the document claimed that the simplest solution was to abolish them. If, however, they were to be retained, the fact that controls were no longer exercised stringently—and should not, therefore, inhibit investment—should be made more public and explicit. In addition, local planning authorities should reflect more firmly in their policies the need to support industrial expansion refurbishment or on-site development.

In essence, the report is saying that a fresh understanding of the role and relevance of industrial buildings in any overall programme of economic regeneration is required by all the parties concerned. It is clear that for many of those involved such an approach remains a long way off.

Michael Cassell

A CASE STUDY

How a company cut handling costs

IT USED to be the proud boast of TI Silencers (part of the Tube Investment group) that the Blackpool plant of its TI Cheswick division is the biggest silencer plant in Europe.

But Mr. Sidney Taylor, who joined TI Silencers as chief executive in May, 1977, decided that sheer size can be very expensive. He had already successfully introduced a re-handling exercise at the Accrington plant of Stone-Platt before joining TI, and he saw very quickly that there was scope for a similar exercise at Blackpool.

The 350,000-sq-ft factory adjoining Blackpool Airport used to be an aircraft hangar. That means it is high and spacious but costly to heat and light. Further, projections for the British motor industry are sufficiently uncertain that TI, which provides 55 per cent of the silencers for new cars built in this country, decided that it is not going to see much expansion. This means that the extra space is unlikely to be required for some time, if at all.

In addition to the heating and lighting costs, the company has other handling problems in relation to the products. The plant is handling 10,000 silencer pieces a day (five pieces make up one silencer, although customers frequently take only part of a silencer, buying other parts from other manufacturers). Silencers are bulky and awkward to stack, while the many differing requirements of the motor industry mean that a large variety of tooling and components have to be kept in stock.

TI Cheswick (the division supplying original equipment manufacturers) is pressing for more standardisation among the manufacturers, but at the moment it has to keep, for example, 103 different types of tube in stock although 22 types account for 80 per cent of silencers sold. More than 230 different steel sizes also have to be accommodated, although 50 sizes serve about half of production.

The purposes of implementing a re-handling programme are: to reduce stocks to a minimum; to cut the number of movements and therefore labour involved; reduce the amount of scrap generated and lessen damage incurred during handling; and to cut out heating and lighting of surplus space.

Modern Materials Management, a consultancy specialising in handling matters, was called in by Mr. Taylor. The consultancy had already planned the re-handling at Stone-Platt's Accrington plant where substantial savings had been achieved.

The consultants' report on TI Cheswick's Blackpool plant was based on four weeks of study in the plant. It made the following observations:

- The number of different types and sizes of raw material could be reduced;
- Available height in the factory could be used more effectively for storage;
- The number of different types of pallets could be reduced;
- Manual handling could be lessened by introducing strategically-placed conveyors and cranes;
- Whole sections of the factory could be re-positioned to reduce "cross-bay handling."

Charts

On the basis of flow charts drawn up to show the frequency of movements connected with handling, it emerged that 50 per cent of the non-direct personnel (those not engaged in manufacture) were involved in handling, and the wages bill for handling came to more than £300,000 a year.

The consultants recommended that a programme be undertaken at Blackpool at a cost of £300,000. This breaks down into four main areas of expenditure. The most expensive is the requirement for more versatile fork-lift trucks, at a cost of about £170,000, which will be able to make better utilisation of the plant's height for storage. However, fewer trucks will be needed than the plant now uses.

New racking and shelving is costed at £60,000. Pallets and containers, most of which are now owned by the motor manufacturers receiving the silencers, will have to be bought by TI Cheswick to standardise the range—an outlay of £15,000. The installation of additional cranes and conveyors will enable processes to be linked into a flow line where this does not already exist. These are costed at £25,000.

The effect of this re-handling programme will be to release 50,000 sq ft (about 15 per cent of the total factory space) for sub-leasing. Together with savings in labour costs and servicing, the programme is expected to save the plant £130,000 annually (including the rental from sub-leasing), which means that in less than three years it will have paid for itself. Another way of looking at the savings is that they amount to 4 per cent reduction on the cost of each silencer, which is not insignificant for a product that is very price competitive.

However, drawing up the programme is only the first part of the operation. It has to be introduced without disruption to production and the workforce has to be consulted and informed because changes in working practice will be required. Consultation committees representing managers and the shop floor are already in existence, and discussions have started on what the changes will mean for the workforce. An important factor is that about 20 jobs will be lost as a result of introducing the programme, although this is expected to be accommodated through natural wastage.

Mr. Taylor takes as his motto: "Handling adds nothing to the product except cost." This, plus the success of the Accrington programme, should ensure that the Blackpool plan goes through.

Hazel Duffy

Staff amenities help pay talks

THE INCREASING provision of staff amenities for factory employees reflects not only advances in design and technology but also the greater emphasis placed on fringe benefits and working conditions by managements and unions during recent periods of pay restraint.

Improved sports facilities, modern cloakrooms and advanced canteen and vending equipment can give employees real benefits and enhance the relationship between management and workforce. Sometimes, improvements in design, reliability and ease of operation of catering and vending equipment can also result in cost savings for management.

Modern factory developments are now being designed to incorporate superb canteen facilities, cinemas, games rooms cloakrooms and staff parking areas. The major industrial awards for design are increasingly taking into consideration not only the external appearance of a building but also the staff facilities provided on site.

For example, Michell Bearings, part of the Vickers Group, won a Premier Award from the Business Industry Panel for the Environment last month for its new plant at Newcastle on Tyne which features extensive canteen facilities, lavish new cloakrooms and staff parking facilities linked to the main building by an overhead walkway across a main road. Significantly, when the presentation was made in London last month it was the new staff facilities which were mentioned by a workforce representative as being of particular importance.

Like other major companies Michell Bearings saw the provision of excellent staff facilities as an investment for the future that would ensure a more contented workforce, but clearly the particular amenities provided by an industrial employer will be closely related to the make-up of the workforce. In manufacturing industry greater emphasis is being placed on clean, efficient and pleasant cloakrooms. Improvements in design have led to modular construction incorporating the latest industrial electric hand dryers or paper towels, replacing the traditional cloth towel.

However, perhaps the most significant development has come in the field of catering and vending technology. Vending has moved a long way since 215 BC when the Greek mathematician Hero devised a system for dispensing measured quantities of holy water at the drop of a coin in Egyptian temples.

Vending machines dispense more than 940,000 different commodities such as cigarettes, chocolate, drinks, food and other consumer goods and are finding an ever-increasing place among factory equipment on the shop floor and in canteens.

In the UK the market is dominated by machines produced by companies such as GKN Sankey and the Danish Group Wittenborg. While vending equipment clearly has an important role outside the factory, in offices, shops, public places and other areas, a measure of the size of the market is given by the fact that in 1976 commodities worth £350m were dispensed by vending machines. The beverage vending sector accounts for about 60 per cent of all new machine sales and in 1976 it is estimated that about 3bn cups of drink were sold from these machines. In 1977 between 10,000 and 12,000 new industrial beverage dispensing machines were purchased together with between 5,000 and 6,000 office in-cup dispensers in which the drinks are pre-packed into cups.

Sophisticated

Within the industrial sector the main areas of development in vending machines are the introduction of sophisticated electronic coin mechanisms which reduce the risk of jamming or failure, wide ranges of drink and food and the increased use of glass-fronted dispensers showing the merchandise before purchase. Micro-chip technology has improved not only the metering of coins—where the failure rate has been cut from 30 to 40 per cent to only 3 per cent for some systems—but also the actual dispensing of food and beverages.

Such improvements in service, reliability and the final product are reducing the traditional preference for the "tea-lady," enabling managements to reduce wage costs. Dispensers can often be set to dispense beverages on receipt of tokens or freely when required while the new electronic coin systems are equipped to give change to the customer.

Glass-fronted merchandisers come in two basic designs: the hook variety where goods are displayed suspended from a moving belt, and the rotating spiral design. Both offer greater flexibility and potentially higher sales. The bigger machines can hold up to 560 separate items.

Two relatively recent developments in the dispensing of beverages are the provision of "fresh-brew" tea and coffee and the increased use of in-cup dispensers. Freshbrew machines improve the quality of beverages while in-cup dispensers are more hygienic, save labour costs since the cups can be filled away from the machine, and enable the machine mechanism to be made more simple and therefore more reliable.

Vending machines, and particularly the shop-window variety, can also be refrigerated and tied in with a microwave oven to provide a full canteen service for the shopfloor or office. This is clearly an advantage where there are all-night shifts because canteen staff can prepare food during the day for consumption at night. Microwave ovens therefore have found a particular use in large factories, although perhaps the growth in their usage has been checked by the sluggish economy and reductions in overtime and shift working.

As an alternative to the pre-cooking of food for microwave dispensers some manufacturers are now producing machines to dispense canned instant dinners, so avoiding the need for the skills of a good kitchen on the premises. These dispensers can serve a variety of hot snacks on the shopfloor itself. Within the canteen changes reflect a growing awareness of the need for safety, hygiene and convenience, and technological advances such as the wider use of refrigeration techniques, pre-cooking and microwave cooking—all improving facilities and service while minimising labour costs.

Video and film equipment used for showing training films is one area which may be expanded in future years to provide additional recreational facilities for employees, either directly or through company film clubs. This, and the increasing provision in industry of indoor sports and social facilities, may form part of more companies' overall staff relations policy. Staff amenities clearly will continue to play an important role in the planning of new industrial plant, with the fortunes of equipment manufacturers linked to the general economic climate and the general priority given to the issue by managements and unions.

Paul Taylor

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Plant managers face tough problems

PITY THE poor plant and production managers. Exhorted by the Government, cajoled by salesmen, fed with uplift stories from all quarters, they hardly see a day go by without some new buzzword or news of a cure-all for every one of their more serious problems. Caught between the upper millstone of senior management and the nether of increasingly militant trade unions, they nevertheless have to ensure that contracts are met within agreed budgets, while performing the seemingly impossible task of producing expenditure forecasts that are somewhat better than crystal ball tricks.

Those in the engineering industry in particular have had a difficult time. Take just one comparatively small sector of expertise—machine-tools. Over the past 10 years a user will have seen three distinct phases in development, which has moved from hand-wired dedicated controllers to single mini-computer and micro controllers, taking shared central direction from a more powerful machine in its stride.

Government over these years has tried to influence the pattern of development and encourage modernisation both by backing projects and by offering some form of aid to users. But it has moved from the sublime to the ridiculous.

Changes

First it sank vast sums in advanced projects which were years before their time and would need command of, say, the European market to succeed. Then came the simple automation phase, embraced undoubtedly because very few companies wanted the big and beautiful. This gave rise to an enormous amount of literature but, so far as one can see, precious little change in industrial practice.

During this period of rapid and radical technological change, Government intervention entirely altered the structure of the machine tool controller industry, posing new problems for users, while producers of the tools themselves were until recently left to sink and sink.

The situation is confused and it is easy to see why. Some comfort can be gained from the Machine Tool Industry Research Association (MTIRA) which agrees that intending buyers today are "faced with a bewildering variety of makes, types and variants of machine tool, all claiming to offer advantages over the rest."

So that buyers do not act on a hunch the MTIRA is running a series of one-day seminars on how to choose equipment. That is a simple answer to a complex problem. It would be equally easy for Government to give a major fillip to new equipment purchases all over the country by a simple tax move.

One topic on which plant managers are being exhorted with particular vehemence at present is energy saving and, among other companies in this field, Fairey Surveys is prepared to run aerial infra-red photography tests to see where a factory or piece of production equipment is leaking the most heat.

There are incentives for energy-saving projects, but so hedged and red-taped that most busy managers will give up halfway. Here again, a simple action by the appropriate department could provide a major improvement without involving a new army of administrators.

Possibilities

Plant engineers will be well aware of the possibilities of recovering waste heat from flue gases or diesel cooling systems, subject to the two criteria that there must be a significant amount of heat to be recovered and that it can immediately be channelled into a useful application such as process water heating or space heating. There is a wealth of equipment available, from heat wheels to fluidised bed heat exchangers, none of it inexpensive and all entailing a fair amount of plant disruption so that the temptation is to leave the matter for the time being even if the payback time is short.

Lower down on the official prodding list come tribology, terotechnology and corrosion prevention — for which no "ology" could be invented. For the many technical people who still do not know what the Department of Industry is talking about when the first two topics are mentioned, tribology is lubrication and surface physics and terotechnology is the technology of maintenance, or designing for ease of maintenance and so on.

A great deal of civil service time and taxpayers' money has been devoted to promoting these topics, and encouraging centres of learning to reorganise part of their facilities to take them into the curriculum—with very little discernible effect on industry at large. It would be unfortunate if the same were to become true of the present Government-sponsored microcomputer drive.

But there is a serious danger that it might be so. Hundreds of small groups have jumped on the advisory bandwaggon because of the Government support funds that are apparently easily available.

Warning

But it cannot be emphasised too strongly that microcomputers are more difficult to harness to a particular job than their predecessors and that their instruction routines are more difficult to write, generally taking much longer. U.S. experts warned potential users not to expect to do any useful busines routines for a cost in equipment and programs this side of $10,000.

But outside of data processing, micros are not the only answer to modernisation and sometimes could be the wrong answer in redesigning certain instruments, or updating telecommunications units.

One area in which plant managers are now having to take action following the latest Act affecting health and safety at work is in noise control and suppression. This is a particularly difficult area to tackle for someone who has little or no knowledge of acoustics. Fortunately there are services from which complete arrays of measuring instruments can be hired and such companies will give advice.

Some noise suppression specialist companies will provide consultancy, but where plant noise levels are high management would do well to get the job over and done with quickly before a queue forms.

There is one area where many production plants still fall down badly and that is lighting. Yet since the sharp rises in power costs some groups have been able actually to cut power costs for lighting while retaining illumination standards. One is Marks and Spencer, and while experience in the latter group's big High Street shops is not directly applicable to, say, a welding shop, there is clearly a lesson to be learned.

Ted Schoeters

Code for improving packaging

INDUSTRIAL PACKAGING materials and new designs of cans, bottles, plastic film, drums and cartons can provide novel solutions to the problems of preserving and presenting finished goods and raw materials.

Last year was no exception. There were some notable advances in design and a British container maker won the world's top packaging award, The World Star, for packaging design. It was awarded to Harcostar, the Huntingdon industrial plastic blow-moulding company, for its Acitainer acid carrier, by the World Packaging Organisation. The Acitainer is a high-density polyethylene outer container with an inner 10-gallon acid-carrying polyethylene bottle.

There were other developments, but the packaging materials market was more dominated by sluggish growth. The UK market remained depressed until the middle of the year, but an improvement in demand came in the third and fourth quarters of the year.

Boost

This helped to boost the value of UK sales by the packaging material companies to £2.87bn last year, a rise of 5½ per cent on 1977 according to the industry's journal *Packaging Review* in its latest annual review. But part of this small growth may have been the result of stockpiling by industrial customers in anticipation of price rises this year.

Imports played a significant part in the UK market last year, as European companies in particular attempted to win sales in many of the packaging markets dominated by over-capacity. There was particularly high over-capacity in the tinplate and plastics industries.

The fortunes of the UK makers of packaging machinery appeared to be out of step with those of the packaging materials manufacturers last year. The machinery makers reported almost boom conditions at the start of 1978, with companies beginning to show concern over lengthening delivery dates as order books swelled.

But as the year developed, the rate of growth declined sharply, according to Mr. Edward Everest, director of the British Packaging Machinery Manufacturers' Association, part of the Process Plant Association. The UK's consumption of packaging machinery exceeded £130m last year compared with £100m in 1977.

Britain imported more packaging machines by value than were exported and although the imbalance was not substantial, the impact of foreign manufacturers was particularly evident in the sector making filling machines.

Almost £41m-worth of filling, closing, sealing, capsuling and labelling machines were bought by British packaging companies in the year ending in June, 1978 and £29.8m-worth were sold by UK manufacturers.

The imbalance suggested that there was a need for the UK industry to have more factories, the association said. The shortage of skilled engineers would prevent a solution at least until changes were made to encourage the formation of the small to medium-sized engineering companies.

But last year was also the year when the interests of the consumer were taken into account in a novel way by the industry. Consumers stood to benefit by the formation last May of a new focus of complaint about the packing industry, the British Packaging Council.

The council has 13 members, representing the packaging industry, consumers and environmentalists, under the independent chairmanship of Lord Shepherd, a former Lord Privy Seal and now chairman of the Civil Service Pay Research Unit Board.

For the packaging industry and the industrial users of packaging materials and techniques, the council's formation is expected to have an important bearing on the future conduct of packaging in Britain. Industrial users and the packaging material makers were generally keen to see the council set up in an attempt to forestall possible legislation from the European Economic Community. The EEC subcommittee on packaging formed in 1976 is working on draft regulations which may have a considerable impact on the environmental aspects of the packaging industry.

Support

In a concerted attempt to anticipate the EEC regulations, the members of the British Packaging Council produced a voluntary code of practice which received the support of the Department of Prices and Consumer Protection.

The code, if implemented, will encourage manufacturing industry and the designers of packaging equipment and materials, to reassess traditional practice, with the object of reducing packaging costs. The code also covers the design of packaging which is difficult to open or re-seal; packaging which does not protect or preserve the contents and packaging which is wasteful and misleads the consumer about the exact contents.

Other demands in the code call for the industry and users of packaging materials to bear in mind the effect of disposal on the environment and to consider the suitability of materials for complete re-cycling.

The main driving force behind the council's formation was the Industry Committee for Packaging and the Environment, formed in 1974 under the chairmanship of Mr. Christopher Chataway, a former Minister of Industrial Development. The code of practice was something the industry could live with, Mr. Chataway said. All the details had been discussed fully with the industry, with consumers and with environmental groups.

The council's first annual report is expected to be published in the summer and will have details of judgments arising from complaints and inquiries. Companies which have failed to implement the code may be identified in the report.

Manufacturers of packaging products and their customers in industry, however, continue to face another constraint against the wasteful use of materials. Prices rose rapidly in almost all sectors of the packaging industry last year with particular rises reported by the Department of Industry in tinplate, glass, fibreboard, paper, steel drums, aluminium, jute sacks and bags and cellulose film.

Polyethylene and polypropylene were the only packaging materials which fell in price in the first quarter of last year compared with the same period in 1977, according to the Department of Industry. This reflected the over-capacity in the petrochemicals industry.

The wholesale prices in most other sectors reached record levels early last year and there was evidence of a move away from some of the traditional materials in favour of thermoplastic materials.

Sales of all types of thermoplastic materials for packaging rose from 612,000 tonnes in 1976 to 641,000 tonnes in 1977, when £448m worth of the materials were sold in the UK. The sales dropped to £445m last year according to *Packaging Review*. At the same time sales of glass containers remained almost static at about 6.5bn units. Tinplate sales fell from 904,000 tonnes in 1976 to 899,000 tonnes in 1977, according to PIRA, the research association for the paper and board, printing and packaging industries.

Figures

Other falls were recorded for paper sacks, down from 244,000 tonnes in 1976 to 225,000 tonnes in 1977; paper for wrapping and packing down from 160,000 tonnes to 142,000 tonnes; rigid paperboard boxes down by 2,000 tonnes to 64,000 tonnes and cellulose film down from 81,000 tonnes to 75,000 tonnes.

Demand rose in the fibreboard case industry, in folding carton manufacture, in the aerosol sector, where production rose from 495m units in 1976 to 532.5m in 1977. Total demand in 1978 was reported by industry sources to be up to 550m or even 580m units. Little extra growth is expected this year and there is some concern in the industry that controls over aerosol sales — arising from concern over the chlorofluorocarbon propellants — may hit sales in the 1980s. The demand for new and reconditioned steel drums also rose to almost 40m.

Sales of aluminium foil returned to the high levels of 1973, with identical sales in 1977 of more than 38,000 tonnes.

Laminated structures have shown the most consistent growth since 1975, with sales of over 117,000 tonnes in 1977, a rise of almost 13 per cent on 1976, when sales were more than 22 per cent higher than the previous year. At the same time, the demand for paper for wrapping and packaging has fallen every year since 1973, when demand exceeded 204,000 tonnes.

Demand in all the sectors fel away sharply in the period 1974 to 1976, but in the sectors manufacturing jute sacks and closures for all types of industrial and domestic containers this fall in demand has continued without a break.

The revival of growth in most of the other sectors has been accompanied by novel technical developments and changes in the make-up of the packaging industry.

There is likely to be a continued need for packaging materials of all types and industrial confidence in most parts of the industry remains buoyant. There is also a growing demand for advanced machinery to make the industry less labour-intensive. The National Enterprise Board recognised the high sales potential of automatic packaging machines when it invested £120,000 in Mayflower Packaging of Norwich in January last year.

The money will help to fund a programme of expansion and development leading to an expected five-fold increase in sales by 1983, based on the current turnover of £500,000.

Lynton McLain

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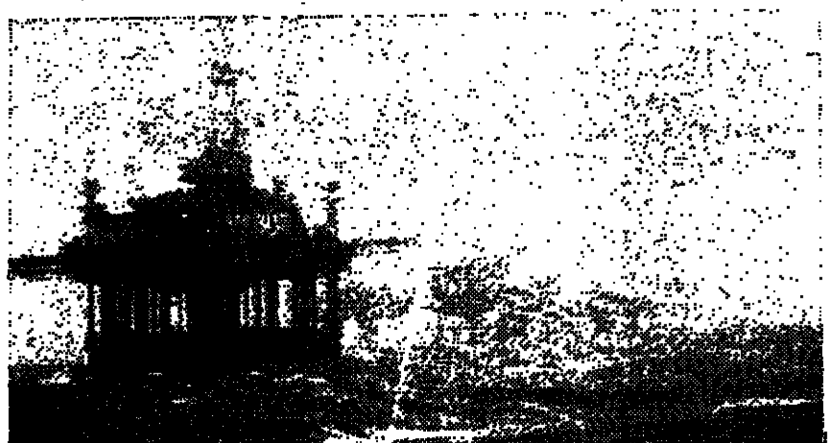
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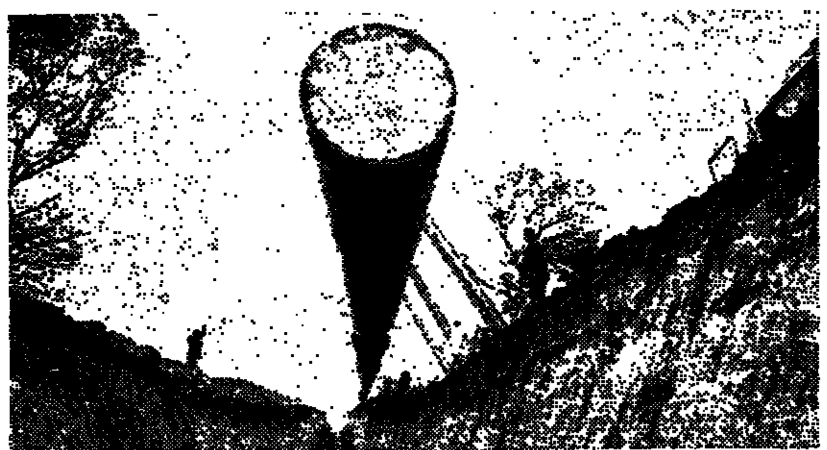
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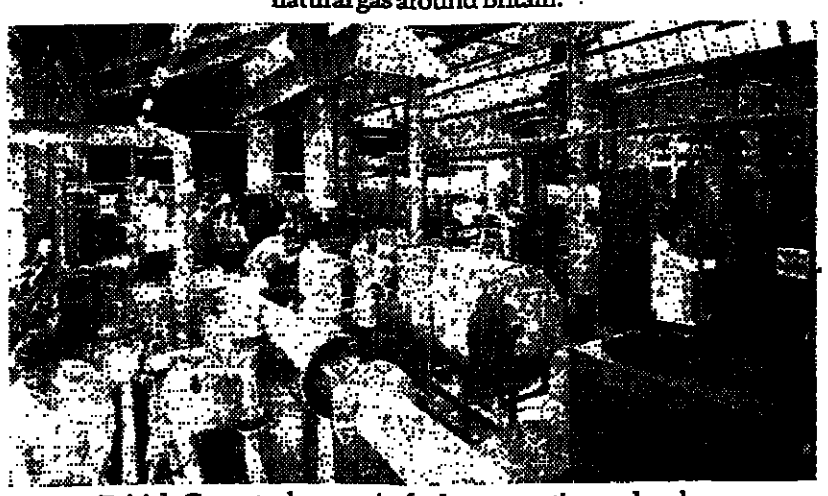
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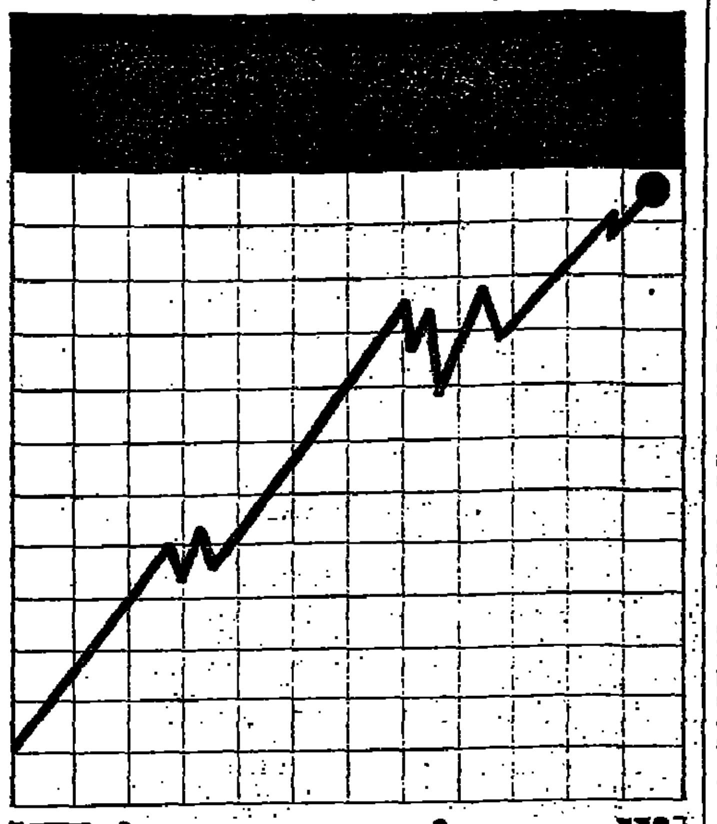

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Wider use of safety gear

SPURRED ON by recent health and safety legislation UK manufacturing companies are showing an increasing awareness of the need for suitable protective equipment to be available for use by their workers.

Where health or safety risks have been identified the Health and Safety at Work Act places a legal duty on employers and their employees to eliminate those risks. Where circumstances dictate that a degree of risk is inevitable, at least for the present, the reduction of the threat to health and safety is essential. Provision of protective equipment can no longer be seen as a further burdensome cost in production for the costs involved in not providing safety gear can be far higher.

The Act has given the prevention of accidents and the improvement of the health and safety aspects of the working environment a major new impetus. While it would be both false and unfair to suggest that major employers have only appreciated the importance of protective equipment since the Act came into force, it is true that the Act and the initiative of the Health and Safety Executive has pushed safety consciousness to the forefront of company planning and policy.

The primary aim of the Act is to provide the framework within which managements and employees will together attempt to improve health and safety. While the Act has given the Executive teeth with which to enforce minimum standards, as is shown by the 1,600 prosecutions in 1977, the priority remains to reduce the number of accidents at work, 329,000 in 1977 of which 244,439 were in manufacturing industry covered by the Factories Act.

The Act, coupled with an ever increasing number of approved Codes of Conduct, requires strict adherence to the safety rules for factory personnel by both managements and by workers themselves.

In addition, factory health and safety has been given a major new impetus by the introduction of the safety representative regulations last autumn. Under these, trades union "safety watchdogs" have been appointed and joint management and union safety committees in the place of work have been established to monitor and improve health and safety and thrust it into the limelight with the hope that the subject will rank alongside the more traditional topics of shopfloor discussion such as pay.

Together with other organisations such as the British Safety Council charity, the Health and Safety Commission and Executive have recognised the important role specialised safety equipment can play in reducing the annual toll from workplace accidents. The equipment itself ranges from simple machine guards to the latest in helmets, respiratory equipment, footwear and clothing.

In 1976 the total market for protective equipment in the UK was estimated to be worth about £85m a year and is growing at present by about 5 per cent a year.

Safety footwear accounts for about one third of the total market in value terms and among the companies to benefit from this growing market is Totectors, based in Rushden, Northamptonshire and part of the GKN Group. Totectors claims to be the largest specialist manufacturer of safety footwear in the UK and has more recently expanded into the growing market for other safety products, notably hearing protection, and the wider field of protective and weather clothing.

As an indication of the state of the market, the company has expanded turnover from £3m in 1975 to about £6.9m in 1978, increasing exports during the period from £416,000 to £1.2m. Totectors exports to more than 30 companies in Europe and Scandinavia, which together take about 60 per cent of the company's exports.

Attitude

Although 4m pairs of safety boots and shoes were sold in the UK in 1977, one problem faced by the company has been the general attitude towards safety footwear that one pair per employee a year is sufficient. Another has been the growth in the manufacture and sale of safety footwear which fails to meet current European standards. The company would like to see an international standard established.

On the marketing side the company employs 16 fully trained mobile sales teams to cover the country giving advice on fitting and suitable footwear for differing conditions.

Among the 60-strong range of safety footwear marketed by the company are shoes which resist petrol, oil, acids and some alkalis, heat-resistant shoes and foundry boots adapted for quick release.

The company has more recently moved into the field of hearing protection—a market valued at about £1.4m in the UK in 1976—selling everything from the standard ear plug to sophisticated ear muffs which look like stereo headphones and "noise meters" to assist tive equipment is required.

One of the most exciting developments in personal safety equipment in recent years has come in the field of protective helmets. The traditional "hard hat" continues to have a very important role to play in protecting the head from injury, with a UK market worth again about £1.4m in 1976. However, the unique Airstream helmet developed commercially by Racal-Amplivox from an invention by Mr. George Greenaugh, head of the dust control section of the Safety in Mines Research Establishment, combines the functions of helmet, respirator, eye and face protector.

In deciding when such protec-

The helmet provides a dust-free stream of air to the nose and mouth of the wearer through a sophisticated motorised air filter system housed in the helmet shell and thus avoiding the need for cumbersome separate respirator equipment. Since its introduction two years ago more than 50,000 of the helmets have been sold in 20 different countries with just under half the current production being exported.

Recently the company, which also produces other industrial safety products such as hearing protectors, moved into a new factory in London capable of producing 2,000 Airstream helmets a week.

The helmet has received U.S. safety regulation approval, and has won two major awards from the Design Council and the Royal Agricultural Society and the backing of the Health and Safety Commission. It is used in the iron and steel industry, where British Steel was among the first major companies to place orders, in granaries where 5,000 farmers in the UK now use the helmet, and in potteries and shipyards. It comes with a wide range of visors adapted to specialised uses.

Away from personal protective equipment, technological developments in many fields have lessened or removed the need of workers to enter potentially dangerous or unpleasant environments. For example, cleaning industrial equipment can often be hazardous but built-in devices are one method to lessen the risk. Sending men into tanks with high-pressure cleaning devices can expose them to fumes or high temperatures in an enclosed space.

Tofte and Jorgenson, the Danish-based group, has designed cleaning machines developed from equipment for cleaning oil tanker tanks for use on land in tanks, vats and other large containers such as those used in process industries like chemicals, confectionery, dairy, food, paint, pharmaceuticals and soft drinks. The equipment can be fitted to existing equipment or incorporated in plant design. It has also been shown to save labour costs over time and improve effectiveness.

Improvements in basic machinery design incorporating special guards and safety features could also help to cut down the number of employees killed or injured in factory accidents. The growing awareness of the importance of building safety features into machine design was demonstrated at the Design Engineering Conference and Exhibition in Birmingham last December which featured one machine where a clamp only closed when it came into contact with a hard material.

About 50 people die and 30,000 are injured in machine accidents each year but design changes could help reduce those numbers. Overall, the rate at which the protective equipment market expands will depend on several factors including not only new acceptance in industry of the need for such equipment but also the replacement of existing equipment.

Paul Taylor

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Ventilation joins priorities

SANDWICHED BETWEEN advertisements for Caribbean holidays and Lamborghini cars in the Sunday newspaper colour supplement are double-page advertisements which, most readers are surprised to find, extol the virtues of more efficient industrial heating and ventilating systems.

One advertisement, for example, shows an overall-clad engineering worker getting progressively hotter under the collar in a sequence of 32 photographs. The caption reads: "At 65°F Jim's lively, at 75°F he's dozy, at 85°F he's bitchy, and at 92°F he's just plain homicidal!"

Another shows several pictures of Mr. Tony Benn, Energy Secretary, sitting round a boardroom table with the caption: "What your boardroom needs is a few more like him."

It adds: "Whether or not your Board sees eye to eye politically with our Energy Secretary, they would do well to hear him out when he airs his views on energy conservation." The advertisement points out that efficient energy use could save industry £500m a year.

While such advertisements are not normally to be found in the colour supplements—in which advertisers are usually more intent on pushing consumer products than industrial equipment — for Colt International the advertising campaign has paid off. Colt claims to be the largest UK manufacturer in the specialist field of heating and ventilating equipment and deals with up to 400 environmental control problems each week in all types of buildings from diverse industries.

But Colt's advertising campaign was aimed as much at persuading senior management of the need to take factory heating and ventilating seriously as it was in promoting Colt's specialist equipment.

The company's campaign has gone hand in hand with a growing awareness in industry of the need to pay as much attention to the factory's environment as to other factors of production, an awareness sharpened by the concern in recent years of trade unions to negotiate on working conditions as well as wages. This concern led to such legislation as the Health and Safety at Work Act.

In addition to this growing union concern that factory conditions should be safe and pleasant came realisation that a pleasant environment leads to higher productivity. Research has shown that for each degree Centigrade above the norm for any particular occupation, output fell by about 2 per cent and accident rates rose by 4 per cent.

Other research, by various researchers and organisations, has shown that work involving manual dexterity requires 12 per cent more time to complete when the temperature falls from 17 deg. to 10 deg. C, a slowing down of 2 per cent per degree C.

Significantly, more accidents occurred in two workshops when the temperature fell below 20 deg. C. At a cannister factory employing 800 women, one workshop had an average winter temperature of only 12 deg. C, much lower than in five other workshops. Sickness rates in this workshop proved to be considerably higher than the rest of the factory in winter, but only marginally so in summer when the shop temperatures were similar.

And researchers found that accidents in a munitions factory were at their lowest around 19.5 deg. C, but they increased by almost a third when the temperature dropped to 13 deg. C.

Other research was carried out involving girls tying small parcels in two workshops. Both rooms had almost identical temperatures, but in one room with four air changes per hour, the average time lost over two years was 2.44 per cent, compared to 3.75 per cent in the other room which had only one air change per hour. The poorer ventilation in the second room also seemed to account for the 53 per cent greater absenteeism.

Optimum

As Mr. Gordon Cash, sales manager of the Myson Group's ventilation division, points out: "Modern industrial manufacturing plants represent high capital investments and labour costs are increasing. So designers of ventilation systems have to establish the optimum conditions needed within a factory to get the best out of men and machines."

He adds: "Designers must assess the level of air movement, and hence the size of the plant required to achieve these optimum conditions, and then select methods and equipment to control the enclosed environment of the factory."

Every plant has different requirements. For low buildings, relatively high numbers of air changes per hour may be necessary. Other installations will require the removal of fumes, control of odour, or the absorption of water vapour, while in some buildings there is a need to remove heat generated by process equipment.

"Whatever the application," says Mr. Cash, "the four primary functions of heating and ventilating installations are: removal of excess heat build-up during the summer; providing air movement in the working space; providing winter heating; and control of the quality of air."

Compared to the cost of labour, equipment or component costs have risen slowly, so the factory manager wants equipment he can "fit and forget."

To ensure that its efforts to build a reputation for quality is not lost by a few faulty parts, Colt has two research and development centres in the UK and West Germany searching for ways to "design out" the need for maintenance.

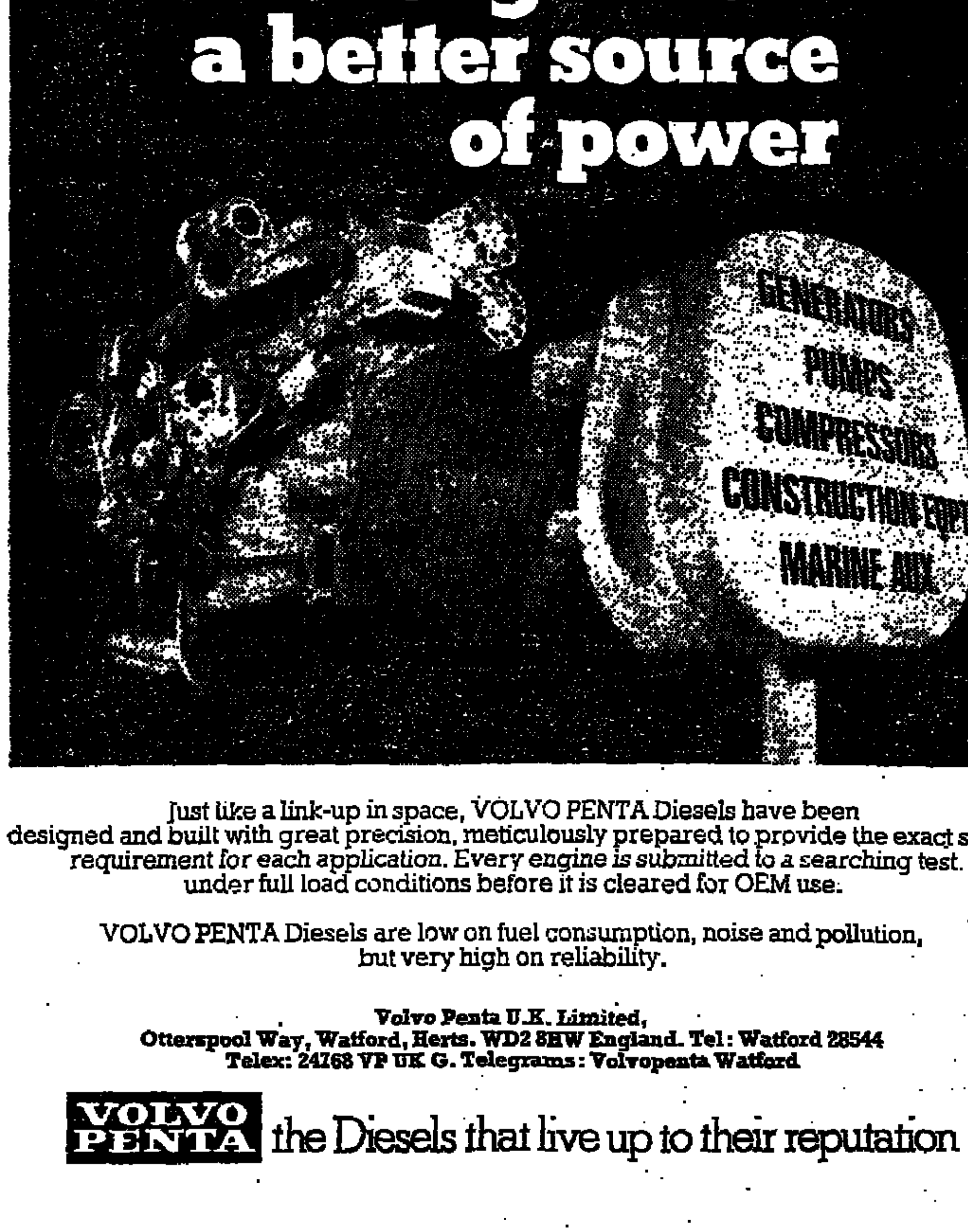
Buying on the yardstick of cost is still the most common way but while the cheapest warm-air heater may cost less initially than better-quality products, it invariably ends up more expensive.

Colt, for example, have come up with a new ignition system to improve reliability. The system produces a circular battery of sparks which means that one spark is replaced literally by thousands. The need for accurate checking and setting of single electrodes is eliminated, the company says.

The crucial point about heating and ventilating systems, however, is that they must take into account all extremes of temperature, as the recent weather has shown. Ventilation systems, designed for summer conditions, must always take winter heating into account. Ideally, both should be designed as one system, versatile enough to provide a comfortable working environment the year round.

As Colt points out: "Only an integrated ventilation and heating system can control airflow and prevent severe heat losses."

David Churchill



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Greater emphasis on fire protection

THE SECURITY of industrial premises and their protection from fire may not seem to be related matters. There is, however, a direct link, which arises from the possibly little-appreciated fact that the most common cause of fires is intentional fire-raising, often by intruders at night. An analysis by the Fire Protection Association shows that a quarter of the 1,145 fires costing £25,000 or more in 1977 were deliberately started.

Security means protecting company property from all kinds of loss, whether from fire or from theft, fraud or the stealing of confidential information. Whatever the risk it has to be evaluated and the possibility of loss—including not only the direct loss or damage but, as in the case of fire, the cost of lost sales and production—has to be weighed against the cost of various levels of protection.

Threats

Security and fire protection are often left to junior levels of management. Yet the impetus must come from the top for, without this approach the implementation of policy throughout a company's organisation may be patchy.

The outbreaks of terrorism in the last few years may have helped to bring about a wider realisation of the threats that exist, yet it is surprising how often there is evidence of apathy. For example, the insurance brokers Pointer York recently found in a survey of 100 companies with insurable risks ranging between £½m and £3m that only 19 had adequate cover or cover which was no more than 15 per cent below the replacement cost of buildings and equipment. Of the rest, 55 were insured for 70-85 per cent of replacement cost and 24 had less than 70 per cent cover.

Losses can be considerable, however, and the risks are not insignificant. There are no reliable estimates of the overall cost of breaches of security in industry but there are activities and spheres of operation which are widely known to be vulnerable to pilfering. There are well-documented cases of interference with computer operations and the theft of commercial secrets, but firm data exists only for fire losses and here the risks clearly are not diminishing.

Last year fire damage costs rose by 18 per cent to £309m, or by more than the rate of inflation. The number of fires costing £25,000 or more was broadly the same as in 1977, but there were 40 major fires (costing £1m or more), as against only 19 in 1977 and the previous record of 25 in 1976.

A detailed analysis for last year is not yet available, but in 1977 80 per cent of fire damage costs occurred in industry and commerce, where most fires started in storage or production areas. On average the £25,000-plus fires cost manufacturing industry about £7 for every £10,000 of gross output. In some trades—textiles, clothing, leather, paper, printing and publishing—the relative cost was double that or more. In these same six industries, plus electrical engineering, the figures show that fires are much more likely to be £25,000-plus ones than in other manufacturing sectors.

The best time to consider fire protection—and security generally—is of course when the construction of a factory is being planned. Much progress has been made in the design of buildings and construction materials—and in the training of architects—from a fire protection point of view.

Electronic

As large fires almost invariably occur in storage areas which are not protected by automatic sprinkler systems, insurers will insist on such systems where the potential loss is high. Sprinkler systems are expensive to instal but they can attract discounts of up to 70 per cent in insurance premiums, plus tax depreciation allowances and, in the assisted areas, regional development grants.

It is a good idea to connect the sprinkler system so that its operation automatically calls the fire brigade. Additionally or alternatively, especially where premises are manned by security staff, heat or smoke-sensitive electronic warning equipment can be installed. Other equipment to consider is extinguishers, hose reels, buckets, wet or dry hydrant systems and foam, dry powder, or other materials.

Advice on these matters, the risks present in various processes and trades, and on the latest legal requirements can be obtained from the local chief fire officer and from the Fire Protection Association, a body set up by Lloyd's and the insurance companies.

As for security systems, the choice is very wide. They range from the simple to the sophisticated according to taste, pocket and nature of risk. At one extreme, it may be a matter of attending to perimeter walls or fencing, and gates, doors, windows and skylights; and the use of security lights, non-drying paint, and simple electronic alarm systems connected to bells on the site or at the local police station.

The more sophisticated systems can include closed-circuit TV, infra-red, ultrasonic and radar detectors, security procedures to guard against internal risks, and special security staff. The security industry has been growing rapidly and equipment has been under almost continuous development.

Advice can be obtained from the equipment manufacturers, the security companies and their trade association, the British Security Industry Association. And—for a start—from that very useful book, Practical Security in Commerce and Industry (Gower Press), by Mr. Eric Oliver, formerly security adviser to Unilever, and Mr. John Wilson, security officer for Yorkshire Imperial Metals.

Colin Jones

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

EUROPEAN TOP MANAGERS' FORUM—1

Beating a path towards China

OVER the last ten days, cheek-by-jowl in a Swiss ski resort, more than 400 of Europe's top businessmen have been grappling with a new challenge and dilemma: China and the Chinese.

Egypt, Saudi Arabia, Nigeria and other old favourites from the Third World have all been represented at ministerial level at this year's European Management Forum symposium in Davos. But interest in them has palled beside the rush to shake hands and exchange addresses with one of the ten official delegates from China.

For the European businessman keen to use the symposium to lay the foundation for lucrative export deals, the dilemma is painful. Not only must he fathom out some way of breaking into this massive, inscrutable market, but he must not forget that, like most developing countries nowadays, China wants to buy not goods but technology—including product designs and factories which before long could transform it from a customer into a competitor.

To quote one nervous Dutchman: "I am frightened of Taiwan's export drive, and soon I will be terrified by China's."

Despite all the fine words and ringing declarations about co-operation between China and Europe, delegates were left in considerable doubt about what forms of industrial co-operation China particularly wants to encourage. They could be quite varied, including bank loans, government loans and other forms such as joint ventures, and could vary from case to case, said the leader of the delegation, Professor Qian Junrui, Professor of Economics at Peking University and Director of the World Economic Research Institute at the Chinese Academy of Social Sciences.

Though he was clearly on a fact-finding rather than negotiating mission, Professor Qian disappointed those delegates who were expecting to come away from Davos with business deals virtually signed and sealed — as has often been the case at previous Davos symposia, as far as customer countries like Iran were concerned.

More down-to-earth advice on China was given by Dr. Tibor Mende, Professor at the Centre d'Etudes Industrielles in Geneva and an expert on Chinese affairs. The most acute problem in Chinese "modernisation" would not be money, he warned, but a shortage of technical personnel and managers able to cope with the new industrial structures being created on a base of Western technology. With the universities being closed for so long until recently, and many professors disgraced, the education system had suffered badly.

Even though China's overriding priority was to build up its domestic infrastructure, he agreed that it would become a tough export competitor. The only solution for Western Europe was to increase the rate of technical innovation, move to higher technology products and retrain people "instead of giving them unemployment pay for doing nothing."

This brought delegates back to the message rammed home by several sessions at the symposium (only two were directly concerned with China): that, in the words of the French Prime Minister, M. Raymond Barre, industries should be restructured from low to high-level technology products, and "European managers should train people adequately."

But none of the eminent speakers could give a satisfactory answer to the question of the way that retraining should be organised, and of the relative roles to be played by individual companies and by governments. Perhaps the least satisfactory of all was that proffered by an arch-proponent of the free market economy, Professor Herbert Giersch, President of the famous Institute Fuer Weltwirtschaft in Kiel.

To say that "the market will offer high premiums for employees' professional and physical mobility" is a totally inadequate reply to the urgent problem besetting almost every European economy: that, thanks to the lack of mobility, there are over a quarter as many skilled-job vacancies as people employed.

Christopher Lorenz

Hazel Duffy on the choices facing a construction equipment company

Squaring up to the giants

IN THESE dogs days for much of the construction equipment industry, the theory is rapidly gaining ground that the smaller company will survive only if its product line is not in competition with the giants.

For Bray Construction Equipment, which is small by the standards of the industry, and makes a product in competition with many other companies, it is a fundamental problem which *will require a solution before* very long. But it says a lot for Mr. John Mathew, the young managing director of Bray, that in the five years since he took over the company, it has been so strengthened that it is in a position to make that choice about its future.

Ironically, Bray came to be where it is now precisely because its parent company, the Matbro engineering concern, once *faced a problem similar* to that which Bray now has.

Matbro was founded by Mr. Len Mathew, John's father, who pioneered the pivot-steer method which is now an accepted design in the products of many other companies making construction equipment and industrial trucks. Matbro had already designed and produced several items of construction equipment back in the 1950s, although its main product is fork lift trucks. Len Mathew realised that if his company was to make much of an impact in this market, he would have to concentrate on a particular product, preferably by acquiring an established concern.

The opportunity came when the Bray company, then owned by Sheepbridge Engineering, was put up for sale in 1973. Sheepbridge had moved Bray out from Middlesex to Tetbury, a small Gloucestershire town, but the move had created problems in finding the right skilled labour in a rural area, and the company was in a fairly bad way financially. Its sole product, the wheeled loader (sometimes called loading shovels), needed technical *improvements* but as the company was making losses, the necessary development money had not been made available.

It was a big decision for Matbro to buy Bray. Matbro's profits were around £200,000 at the time, although its balance sheet was strong. It borrowed £1m to buy Bray and promptly found itself in a period of high interest rates. For some time, says John Mathew, he and his *father thought they had done* the wrong thing.

John Mathew's short business experience (he was 26 at the time) had been as export sales manager for his father's company, and when he turned his attentions to Bray he saw his one clear priority as being to increase its sales overseas. It was a much neglected area; only four out of its annual production of 80 or so loaders was exported.

Construction equipment is a highly international industry. Around half of UK production comes from companies which are foreign-owned, but even British-owned companies are frequently exporting between 60 and 70 per cent of their output. Thus it was that John Mathew reasoned that Bray could not survive unless it *paid urgent* attention to exports. At the time, the industry was expecting that demand would continue to grow both in Britain and in export markets. But competition in the home market for wheeled loaders is intense, with four other British-owned companies besides Bray, as well as the multi-nationals, all competing for what has turned out to be a pretty *static market over* the past four years.

In spite of these difficult market conditions worldwide, John Mathew has achieved what he set out to do. Output has more than quadrupled in five years, and he believes that in 1978 Bray produced more loaders than any of its British-owned competitors. Sales in 1978 were £7m, and profits around £500,000.

Bray has managed to increase its share of the home market (no small achievement with a product which is seeing increasing import penetration) while boosting exports from just four loaders in 1973 to more than 200 in 1978. All of which puts Bray, as John Mathew rather modestly describes it, in a position "where at least we are not going to be the first to be knocked out."

As a small company, the only way to sell was to go out and do it personally, and this John Mathew has done. Last year, for example, he clinched an order from Algeria for 160 four wheel drive loaders—representing nearly half the company's normal annual output. The last of the machines was delivered recently, having been completed in record time for Bray: an *example, says John Mathew*, of the sort of flexible working attitudes that can be achieved more easily by a small company.

The main assembly line at Tetford was re-arranged with full co-operation from the workforce, so that it could accommodate more machines. A lot of overtime was clocked up, and employees were able to benefit from the productivity *bonus scheme. Enthusiasm and* the willingness to do things like taking spares to customers overnight, and coming in over Christmas, are the sort of areas where small companies can often score over their bigger competitors, says John Mathew.

But he is the first to admit that exporting is becoming increasingly competitive and that guaranteed servicing and spares are as important a part of the package as price. This is where the big companies can be far more effective with their worldwide networks.

Mathew decided last year that exports could not be left to him and his two export managers alone so two areas—France and North Africa, and the Far East—were selected for more detailed attention. An office has been set up in Paris to establish *and liaise with a network of* dealers, and another in Singapore.

This represents a considerable expense for the company, but it has been helped by a new Government scheme which encourages the exporting efforts of small companies. John Mathew cannot understand why more companies in his industry have not taken up the offer of aid under MEGS (Market Entry Guarantee Scheme). He receives £100,000 towards the cost of setting up the offices, which is repaid out of sales generated in the new markets. It is a scheme which the industry's NEDO sector working party is pressing to have more money allocated by the Government.

Having put exports on a firmer footing, Bray is now turning its attention to its other pressing problem—its product line. Concentrating on a single product has brought cost advantages to Bray, and on price John Mathew believes he has the edge over multinational competitors.

But the company's future viability depends on it being able to add another product in the next couple of years or so. There are two ways of doing this—developing a new line, or buying into an established company in the way that Matbro did when it bought Bray. In spite of its smallness, under Matbro's ownership Bray has been constantly spending money on development and is in a position to bring out one new product within the required time-scale.

The option of buying an established company looks particularly attractive at the present time when market conditions have seen some up for sale. Many, however, are in the high risk category.

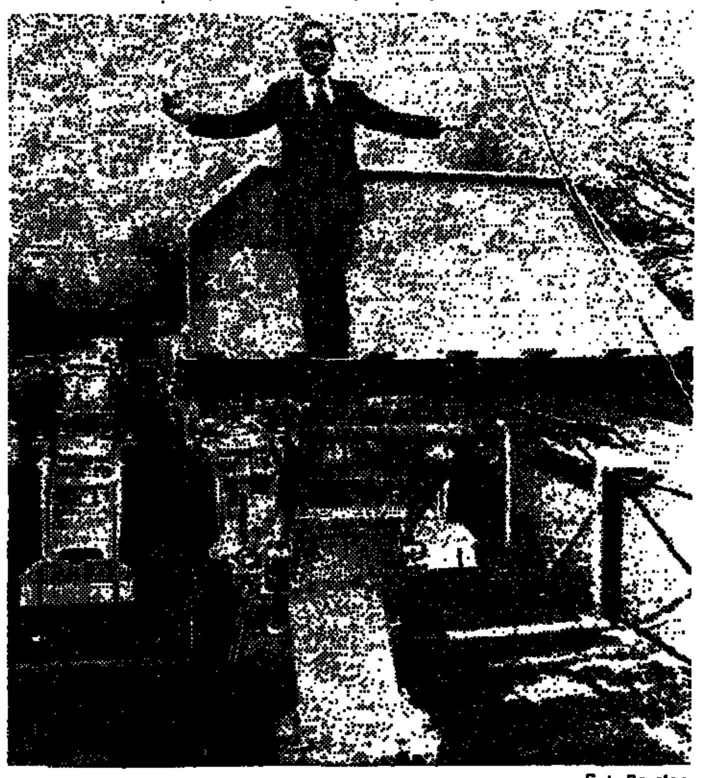
Bray has been looking at potential acquisitions for some time. It wanted a company in France, but lost out to IBH, the German group. It also put in a bid for a company making wheeled loaders in south Wales; the price it offered was too low, but another approach will be made soon. Mathew has also expressed interest in certain parts of Aveling Barford, the BL-owned group whose future is under review, as have many other companies in the industry. Bray could only swallow a few products in the AB range, however, so it would depend on whether BL would be prepared to split up the group (always assuming it is prepared to sell it off in the first place).

Bray's range of wheeled loaders is in the small to medium category, i.e. with shovels of between 1 cu yd and 3 cu yds capacity. An obvious move would be to get into the larger product (as with Aveling Barford), while Bray is also interested in taking on a product like graders which are entirely outside its present line.

Finance for the acquisition would have to come through borrowing, as both father and son are anxious to preserve their control of the companies they have built up. On the basis of combined turnover of £15m, and freehold assets worth around £5m, the outlay will have to be fairly modest.

The combination of technical and marketing skills which Matbro brought to Bray has ensured its present viability, but John Mathew has no illusions about its place in the industry: "We are a small company making little machines."

In an industry suffering from prolonged recession, just to be able to say that is no mean achievement.



Bob Barclay

John Mathew, managing director of Bray Construction.

TOP MANAGERS' FORUM—2

Saxon Tate's gospel on diversification

"WE haven't learned when to stop." Only an Englishman could make such a self-critical remark about his company, in front of an audience of 400 top managers from all over the world.

The speaker, at last wek's Davos symposium of the European Management Forum, was Saxon Tate, the youthful group managing director of Tate and Lyle. For the benefit of other managers hell-bent on diversification, he was summing up the lessons of Tate and Lyle's diversification drive over the last 30 years.

One of his major conclusions was that Tate and Lyle was "brilliant at analysis," and good at planning; but that it then tended to sit back and react too slowly to events outside its control.

Another aspect of its planning coming adrift was, of course, its poor profitability. It was the largest sugar refiner in the world, Mr. Tate said, but not the most profitable. "That's not the way we planned it."

Splitting the company's postwar diversification into three stages, Mr. Tate described 1950-1965 as the "integration phase" when it identified "the soft commodity chain" and integrated through it.

From 1965 to 1976 came diversification proper. Taking the skills learned in each link of the soft commodity chain, the company applied them to other areas. This took it into sectors as diverse as agricultural equipment for developing countries, education and shipping. It even went into aluminium and everywhere into distribution. "You name it, we were doing it—for a time."

This strategy reaped "quite spectacular results" claimed Mr. Tate, since the company achieved its target of beating UK inflation by 5 per cent over the years.

But there was a weakness. Tate and Lyle was too committed to commodities and trade, and was vulnerable to government actions. The combination of world recession and other factors resulted in the halving of pre-tax profits over the last two years, from £50m to under £25m, Mr. Tate said. He made no mention of the Manbré and Garton acquisition.

So Tate and Lyle was now in a third phase—retrenchment, which is expected to run from 1977 to 1981. This involved "a rigorous analysis of our strength and weaknesses," and a concentration on businesses with a relatively high added value: "the total sweetener" market, agricultural equipment, trading, and special chemical products which, based on carbohydrates, "we hope will replace products based on hydrocarbons."

Several other lessons had been drawn from this process of diversification and retrenchment, said Mr. Tate. The leader of a project was all-important, but managers were not necessarily interchangeable between industries.

Also, "I still believe we are too optimistic," Mr. Tate said, admitting ruefully that people liked to enjoy their work, rather than always being pessimistic.

C.L.

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Consolidated Statement of Condition

	December 31 1978	1977
	(In Thousands)	
Assets		
Cash and Due from Banks	$ 752,497	$ 708,666
Securities		
U.S. Government	471,170	545,156
Federal Agency and Other	10,724	10,672
Obligations of States and Political Subdivisions	358,908	369,679
Trading Account	156,169	124,459
Total	996,971	1,049,966
Money Market Assets		
Federal Funds Sold and Securities Purchased under Agreements to Resell	117,350	208,475
Time Deposits with Banks—Domestic	154,680	136,083
—Foreign Offices	482,038	435,766
Other	32,701	52,322
Total	786,769	832,646
Loans—Domestic	1,825,273	1,344,011
—Foreign Offices	217,325	280,323
Total	2,042,598	1,624,334
Allowance for Loan Losses	*(26,100)*	*(25,404)*
Direct Lease Financing	21,764	22,750
Buildings and Equipment	93,400	89,696
Customers' Acceptance Liability	114,283	11,400
Other Assets	90,725	66,471
Total	$4,872,907	$4,380,525
Liabilities		
Deposits		
Demand	$1,270,915	$1,229,482
Savings	794,781	834,074
Other Time	859,489	495,403
Foreign Offices	742,889	819,142
Total Deposits	3,668,074	3,378,101
Federal Funds Purchased and Other Borrowings	675,266	599,790
Long-Term Notes	60,000	60,000
Accrued Taxes and Other Expenses	74,137	68,379
Dividend Declared	2,400	2,150
Liability on Acceptances	114,283	11,400
Other Liabilities	20,951	12,673
Total Liabilities	4,615,111	4,132,493
Stockholders' Equity		
Preferred Stock—No Par Value: 200,000 shares authorized but unissued		
Common Stock—$10 Par Value	51,250	51,250
Shares authorized: 1978 7,000,000; 1977 7,000,000		
Shares issued: 1978 5,125,000; 1977 5,125,000		
Shares outstanding: 1978 4,800,000; 1977 5,000,000		
Capital Surplus	118,673	118,673
Retained Earnings	99,605	82,539
Treasury Stock, at cost, 325,000 shares in 1978 and 125,000 shares in 1977	*(11,732)*	*(4,430)*
Total Stockholders' Equity	257,796	248,032
Total	$4,872,907	$4,380,525

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LOMBARD

Mackintosh's revenge

BY MALCOLM RUTHERFORD

FAR BE it for an Englishman to seek to advise the Scots how to vote. Yet there is a possibility so intriguing that it tempts one to hope that, come March 1 and the devolution referendum, they will vote solidly "yes." It is the effect that the establishment of a Scottish Assembly could have on Westminster.

The late John Mackintosh was a specialist in these matters, both by study and experience. He used to tell a story about how in his early days as an MP he went along to the Whips' Office to see about joining a Select Committee. He would like, he said, to join the Committee on Agriculture. Did he, he was asked, know anything about the subject? Mackintosh said "yes" and started to demonstrate the point. "In that case," said the Whips, "you'd better go somewhere else."

Before he died he wrote an article about how a Scottish Assembly might be run. It has just been published in a collection of essays* on the future of Scotland, and it might well be known as "Mackintosh's Revenge."

It is, of course, excessively rational. No one in Westminster could possibly take it seriously. It says, for example, that the Assembly "will meet four days a week, on Mondays at 2.30 pm and on Tuesdays, Wednesdays, and Thursdays at 10 am. The motion for adjournment will be made each day at 6 pm. The full Assembly will be held on Mondays, Tuesdays and Wednesdays but on Thursdays the House will not normally meet and this will be a committee day."

There are also proposals for *Committee membership* and Committee procedure, the absurdity of which can be clear only to the Westminster mind. It is suggested that each Member of the Assembly should belong to two Committees. They should not be subject to dismissal by the executive or the party whips. Moreover, the business of the Assembly should be conducted in such a way as to make Committee work entirely compatible with playing a full role on the Assembly floor.

The ultimate absurdity, however, comes in the proposals for pay and conditions. It is said that it "would seem best to pay members of the Assembly the same as the Principal grade in the Civil Service and to give them the same superannuation provisions." On top of that, it is even argued that they should have facilities: not only free travel in Scotland, but also a secretary to be paid at "the current rate, determined by Mr. Speaker, for a fully qualified secretary/assistant." What is more, and it would probably be seditious if it were not so obviously ridiculous, it is proposed that each Assembly Committee should be able to hire staff "not exceeding three full-time posts and these persons will be paid and superannuated at an appropriate grade, considering their experience and qualifications."

Westminster, we know, will have none of that. A Government that has just dealt firmly with the idea that British members of the European Parliament should be paid a European salary and which has fearlessly opposed a debate on the modest proposals for reform put forward by the House of Commons' own Select Committee on Procedure is unlikely to be intimidated by the upstarts from Scotland. Whatever else we may think about Westminster, it at least has the courage of its own convictions—though it's not actually the courage that one worries about.

Besides, there is another reason why a Scottish Assembly could not possibly be taken seriously. It would be based on a multi-party system—Nationalists, Tories and Labour. There would almost certainly have to be a coalition. In other words, it would have nothing to do with the adversarial politics that we have learned to know and love.

Reaction

And yet there is just a chance that the Scottish proposals will come off. The Mackintosh plan is only a blue-print, but no one has seriously challenged it. If the Assembly is established, something along those lines will very probably go into effect and Westminster will have no power to stop it. It will be interesting, indeed it will be riveting, to watch the Westminster reaction to a Parliament that works.

* *Scotland: the Framework for Change.* Paul Harris Publishing. Limp edition £2.50. Cased edition £5.25.

The proof of the wine is the tasting

WINE

BY EDMUND PENNING-ROWSELL

TASTINGS that I have attended in recent months have ranged from those concerned with providing relatively inexpensive wines from various sources to what nowadays might without too much exaggeration be described as near-priceless first-growth clarets — above price, that is, for those unwilling or unable to pay £15 to £30 a bottle. Some of these tastings were for the trade, others for private customers and for those who write about wine and in one case on behalf of a dining club of some size.

Starting at the lower price level, one of the most rewarding was based on Marks & Spencer's wine list. M & S has only been "in wine" for about five years, and as with other goods and commodities it sells, it has gone for quality rather than relying on the enticements of low price—and for this it must be strongly commended. This does not imply that I found all M & S wines above criticism, but of what wine merchant could one say this? But at least it does not buy mainly on price. For as a Bordeaux merchant once said to me "in wine you get what you pay for." Not always, perhaps, but more often than not.

On this occasion the M & S range of ordinary red and white wines in litre bottles was not shown, but I am familiar enough with them to recommend them. The full red is fruity and now sells at £2.05. I used to prefer the dry red, as having more style, but it has been withdrawn as selling insufficiently well by demanding turnover standards.

This is not the only example known to me of a full red wine (slightly sweet) outselling a drier type. But among the M & S litre wines that went down very well was the white Baden (£2.15), a wine of good "weight," full-bodied and fruity but not heavy as Baden wines can be. I also liked the litre Chianti (£1.85), which lacked the aggressive quality often to be found with this wine and was fruity but relatively light. The company's litre Hock (£2.15) had more acidity than many inexpensive German wines, and this I thought its Piesporter Michelsberger (£1.79) lacked. The sec Champagne (£4.50) from the Côtes des Blancs co-operative at Avize is clean, fresh and good value, though for my taste it is slightly sweet—about right though for a champagne sold in what the French call *les grandes surfaces*. Finally the M & S range of sherries (£1.55) are excellent value, and the Fino fresh and dry—not too dry, I hope, to be off-listed by the computer sales returns.

Laurence Hayward, whose retail side is Laytons, held a tasting of inexpensive young clarets from the St. Emilion firm of A. Moueix—not to be confused with J. P. Moueix, part-owner of Pétrus. These were château-bottled wines to be retailed from £2.50 to £4, which means that one cannot expect too much these days, unless they are wines that have been bought *en primeur* by merchants here. Once Bordeaux wines are sold in bottle they are nearly always expensive. Those shown included '73s and '71s, but the price-attractive wines were the '75s and '76s. Yet they were surprisingly light in colour and body, which goes to show that one cannot generalise too much about a vintage, for neither of these esteemed years has this reputation.

However, these lesser wines—and the little-known names are not so very important—can be very welcome to those without much reserve of finer wines and unwilling to draw the corks of the best until reasonably mature. On the basis of this tasting the minor '76s in particular are worth looking at when they appear on Layton's lists, but I doubt whether they have much future. In fact the best value that I found at this tasting was a Fitou, from near Perpignan in south west France, and one of the few appellation-contrôlee wines of the Midi. This would retail for under £2 a bottle: a full-coloured, hearty flavoured wine, and not too coarse as Roussillon wines can be.

Moving up market, the leading German wine tasting in London each year is given by O. W. Loeb. Although it is not difficult to be beguiled by '76 and '71 Auslesen, the most interesting wines were those produced by first-class estates in the medium vintage of '77: Kabinett wines from such sources as von Hoevel of Scharzberberg, von Schubert of Maximin Grunhaus, and Pfeltenberg's Kreuznacher—all in the £3 to £4.30 range. In view of the much less good '78s, German wine drinkers should quickly snap up the '77s, but only after sampling, as many lack acidity and are over-sweet.

Since the last war American wines have been priced out of the market here—they have been more expensive and often less good than the European wine varieties from which most derive. But the fall in the dollar, and, above all, the great strides made in quality, have led to more determined efforts to introduce California wines. Geoffrey Roberts, 98 Cheyne Walk, London, SW3 is the agent for a number, and among them are the highly reputable wines of Robert Mondavi, who recently showed four of his wines here. I particularly liked the Fumé Blanc '76, more elegant than the slightly coarse but fruity Chardonnay '76, and I preferred the Cabernet Sauvignon '75, with its real claret character, to the Pinot Noir '75, which seemed attenuated for its age and slightly sweetened. These wines are not cheap, but then they set high standards. They are to be found in the wine department of the London store of Harrods, and Caves de la Madeleine, 301, Fulham Road, London SW10 at either side of £5 a bottle.

The tasting for a dining club's cellar was mostly of '73 classed-growth clarets selling for around £4.50 to £5 a bottle. This prolific vintage produced light wines, but today the best make very agreeable drinking, and are much less expensive than the '75s or '76s, and, of course much more mature. The best of half a dozen specially pre-selected as above average was agreed to be Léoville-Las-Cases, followed by Pichon-Lalande, Haut Bailly and Haut-Batailley.

Quite exceptional was an admirably organised evening tasting of '71 and '66 first-growth Médoc clarets held by Harrods' Wine Department for its regular customers. All the châteaux sent representatives to comment on their wines. The '71s seem to be ageing more rapidly than expected, with already a brown tinge at the edges. I put Lafite first for current drinking, and Latour for the longer term. The '66s tended to be somewhat dumb and closed up, as is still generally the case, but in this tasting the Latour appeared the best balanced, and less backward than usual. Such appeared the common opinion. The Margaux '66 I placed second for elegance and style, but both vintages of Mouton-Rothschild seemed to lack the rich concentration one associates with its wines. As a *bonne bouche* an Yquem '67, personally presented by Count Alexandre de Lur-Saluces, was served; it was nectar!

One of the most interesting regular trade tastings each year is that given by the distinguished burgundy house of Louis Latour. For the white wines in particular it provides a touchstone of the quality of recent vintages. This time it was the leading non-event of its kind of the autumn, for it did not take place, though their customers received some solace from a luncheon at which some fine older burgundies were served. The reason was simply that there were no stocks of wine to sell, which only goes to show why burgundy is so expensive at the moment.

Hikari still a good prospect for the Triumph Hurdle

RACING

BY DOMINIC WIGAN

AS ANTICIPATED, Gaffer was all the rage in ante-post activity yesterday for the Piper Champagne Gold Cup, but less predictable was the run on the Daily Express Triumph Hurdle prospect, Hikari.

Derek Kent's Petingo colt has had his odds halved by the Tote from 20-1 to 10-1 for the Cheltenham race, and they anticipate that he could soon be their clear market leader.

I find it difficult to evaluate the true worth of Hikari's 15-length success in the opening division of the Minors Novices Hurdle at Newbury on Saturday. Although he found no difficulty in outpacing market rival Aldo, he did not cruise to the effortless win which seemed on the cards as he took up the running three flights from home.

However, it was his first outing over hurdles, and he might have advanced a more impressive victory if he had had competition in the closing stages.

Derek Kent told me yesterday that Hikari is almost certain to take his chance in the Daily Express race, which could also be the target of stablemate Jolly Green Giant, who has missed several outings recently through being balloted out. It will be interesting to see where he makes his hurdling debut.

A somewhat moody performer on the flat, Jolly Green Giant has been encouraging his trainer with some good schooling work.

Incidentally, Kent's stable star, Grand Canyon, dual winner of the Colonial Cup, is in fine heart, roughed-off for the remainder of the season at his trainer's Huntingdon stable. I have little doubt that a good rest will see him returning in good shape for a bid at a record-breaking third South Carolina success.

Grand Canyon, who first injured himself when rapping a cannon-bone in schooling at Newbury two years ago, hurt the bone again when casting himself before the Elton John Hurdle last season.

Kent will give him a long break before putting him back into work in August.

Although nearly all the inmates of the Huntingdon establishment have been affected by coughing, they are for the most part over it now and the outlook there is bright.

TV Radio

† Indicates programme in black and white

BBC 1

7.05-7.55 am Open University (Ultra High Frequency only). 9.10 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Playboard. 2.00 You And Me. 2.14 For Schools, Colleges. 3.35 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Star Turn. 5.05 John Craven's Newsround. 5.10 Grange Hill. 5.40 News.

5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 The Osmonds (London and South-East only).
7.15 Blake's Seven.
8.10 Dallas.
9.00 News.
9.25 Play For Today.
10.35 Tonight.
11.15 On The Rocks.
11.40 Weather, Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—3.53-4.20 pm Reporting Scotland. 6.45-7.15 The 50th "Songs of Scotland." 10.35 Tuesday Night. 11.25 On The Rocks. 11.50 News and Weather for Scotland.

Wales—10.00-10.20 am and 2.32-2.37 pm Y Ysgolion. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Pobol Y Cwm. 7.40-8.10 A Question of Sport. 11.15 Dechrau Siarad. 11.40 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 Make Mine Country. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South-West (Plymouth). 6.45-7.15 East (Norwich) Daly on a Tuesday: Midlands (Birmingham) Look! Hear!: North (Leeds) The Object in Question: North-East (Newcastle) Ave at Vickers: North-West (Manchester) A Grand Sing: South (Southampton) Hey Look . . . That's Me!: South-West (Plymouth) Peninsula: West (Bristol) Sports Show.

BBC 2

10.30 am On Union Business.
11.00 Play School.
2.30 pm The Business World.
3.00 Behind The Scenes.
3.30 Signs of Trouble.
4.00 Conversazioni.
5.15 Open University.
6.55 Tennis.
7.30 Mid-evening News.
7.40 The Master Game.
8.10 Life On Earth.
9.05 Tigris.
9.55 *Call My Bluff.*
10.25 Sacha Distel and Guests.
11.10 Late News.
11.25 The Old Grey Whistle Test.
12.05 am Music at Night.

LONDON

9.30 am Schools Programmes. 12.00 Issi Noho. 12.10 pm Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. †2.25 Tuesday Matinee: "The Three Faces of Eve," starring Joanne Woodward. 4.05 *Sinbad Junior Cartoons.* 4.20 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Give Us A Clue.
7.30 Charlie's Angels.
8.30 Room Service.
9.00 The Quiz Kid.
10.00 News.
10.30 Inside Europe.
11.30 Inside Business.
12.00 Sutherland Brothers and *Quiver in Concert.*
12.25 am Close: Geoffrey Hinshiff reads from the Book of Job, illustrated by William Blake.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Raffles. 3.20 Out of Town. 3.50 The Electric Theatre Show. 6.00 *About Anglia.* 7.00 *Bygones.* 11.30 Our People. 12.00 Police Surgeon. 12.30 am Christians in Action.

ATV

1.20 pm ATV Newsdesk. 2.25 The Tuesday Movie: "Only When I Larf," starring Richard Attenborough. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.30 Butlin's Grand Masters Darts Championship. 12.05 am Something Different.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 2.25 Raffles. 3.20 Bygones. 3.50 Untamed World. 5.15 Out of Town. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Our People. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Raffles. 3.20 The Practice. 3.50 You're Only Young Twice. 5.15 *Mr. and Mrs.* 6.00 Report at Six. 7.00 Treasure Hunt. 10.28 Channel Late News. 11.30 Our People. 12.00 Police Surgeon. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 2.00 Regions Report. 2.25 Tuesday Matinee: "King Solomon's Mines," starring Deborah Kerr and Stewart Granger. 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.05 Out of Town. 11.30 Our People. 12.00 Reflections. 12.05 am Elaine, the Singer of the Song. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.25 Raffles. 3.20 Out of Town. 3.50 You're Only Young Twice. 5.10 Max, The 2,000 Year Old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 11.30 Our People. 12.00 Oscar Peterson Presents.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. [illegible] 11.30 Our People.

HTV Cymru/Wales—As HTV General Service except: [illegible] Newyddion Y Dydd. [illegible] 6.00-6.15 Y Dydd. [illegible] World in Action. [illegible] Your Language.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. [illegible]

SCOTTISH

1.25 pm News and Road and Weather. [illegible] Stars on Ice.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. [illegible] 5.15 Sinbad Junior. [illegible] 6.00 Day by Day including Southsport. [illegible] Emmerdale Farm. 11.30 Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. [illegible] Raffles. [illegible] Untamed Frontier. [illegible] Bailey's Bird. [illegible] *6.00 Northern Life.* 7.00 Emmerdale Farm. 11.30 Our People. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.00 Regions Report. 2.25 Tuesday Matinee: "The Seven Year Itch," starring Marilyn Monroe. [illegible] 5.15 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. [illegible]

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Raffles. 3.20 The Practice. 3.50 You're Only Young Twice. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 10.28 Westward Late News. 11.30 Our People. 12.00 Police Surgeon. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Raffles. 3.20 Calendar Tuesday. 3.50 The Entertainers. 5.15 Doctor on the Go. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Our People.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 The Moody Blues Story. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am: As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Steve Jones (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Folk 79 (S). 8.02 Tuesday Night is Gala Night (S). 9.02 Ian Wallace (S). 9.55 Sports Desk. 10.02 Laughter in the Air (7). 11.02 Brian Matthew presents Round Midnight including 12.00 News. 2.02 am Cricket (Sixth Test). 2.04-5.00 You and the Night and the Music with Ruth Cubbin (S) including 4.30 Cricket (Sixth Test).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Chopin (S). 9.04 Harpsichord Music (S). 10.04 Concert Club, part 1 (S). 11.30 Interval Reading. 11.35 Concert, part 2. 12.10 pm BBC Welsh Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 BBC Welsh SO part 2 (S). 2.00 Music at St. George's Bristol (S). 3.00 Quintet of Winds (S). 3.50 Balakirev and Lutoslewski (S). 4.55 Jazz Today (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound (continued). ‡6.15 At Home. 7.10 BBC Northern Symphony Orchestra, part 1 (S). 8.15 Reaching for Greatness: Germany 1868-1945 (talk by Professor Fritz Stern). 8.35 BBC Northern SO, part 2 (S). 9.15 Flemish Motets (S). 10.15 The Barrack Room Ballads by Rudyard Kipling. 10.55 Building a Library of records (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 *Today: Magazine, including 6.45 Prayer for the Day.* 7.00, 9.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre. 11.30 Strange Places, Strange Faces. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions to the Prime Minister. 3.55 Fame is the Spur (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM: News magazine. 5.55 Weather; programme news. 6.00 News. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Pop of the Tops . . . (talks on birds and their songs). 8.45 A Profile of Bell from the New Jersey Telephone Laboratories. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 You've Got to be Joking. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. *9.00 London Live.* 12.03 pm *Call In.* 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 *All That Jazz.* 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. From 1.05: As Radio 2.

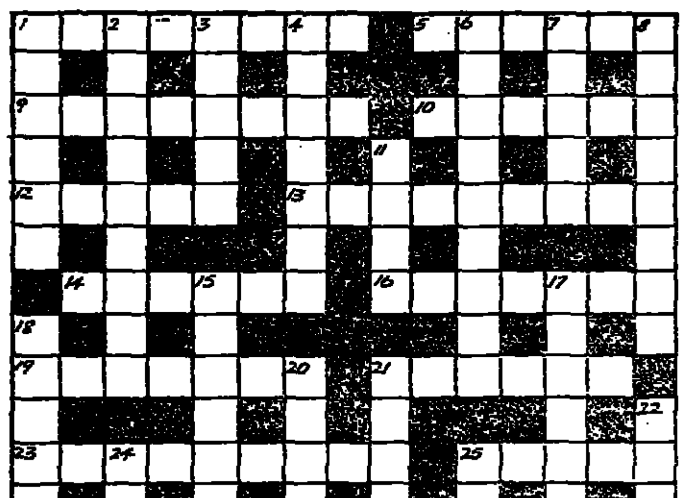
London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with *Nicky Horne (S).* 11.00 *Kerry Juby's* Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,896



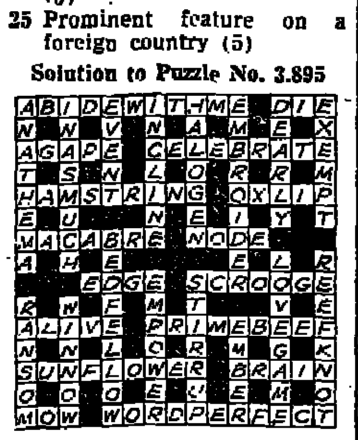
ACROSS

1 A certain amount of western headgear? Rather (8)
5 Party on ship (Queen Elizabeth) orders sleeper (6)
9 Swindle people out of gift (8)
10 Twist of the French class (6)
12 *Small relation* Surrey considers effeminate (5)
13 Secure chap as MC on TV show (6, 3)
14 Tasty morsel outside left finds considerable (6)
16 Inspire railways to take in man (7)
19 Scores get thinner daily (7)
21 Watching England v. Australia certify (6)
23 See how long creature takes for the present (4, 3)
25 Money (about a pound) used in conflict (5)
26 Good-looking sound conveyance (6)
27 Adjustment made by engineers to TV picture (8)
28 Glossy day one went to New York (6)
29 Tiny stage-managed tactics (8)

DOWN

1 Unhappy over one good man becoming a torturer (6)
2 Animal purloined wrap (4, 5)
3 Willow branch accompanied by youth leader (5)
4 Loan may expose some irregularity (7)
6 Request to wait of singular importance (3, 6)
7 Way round jollies' rage (5)
8 Love affair with right line-shooter (8)
11 Non-striker seizes self-starter on taxi (4)
15 Cheated when well tanned (4, 5)
17 Flipping coin a team has to discard (4, 5)
18 Puts an end to shorts in the bar (8)
20 Attack king over assistance (4)
21 Month soldiers have road junction to strengthen (7)
22 Song for retiring about *social worker* (6)
24 Doctor gets clear of painter (5)
25 Prominent feature on a foreign country (5)

Solution to Puzzle No. 3,895



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. [illegible] ENGLISH NATIONAL OPERA [illegible]

COVENT GARDEN. [illegible] THE ROYAL BALLET [illegible] THE ROYAL OPERA [illegible]

SADLER'S WELLS THEATRE. [illegible]

THEATRES

ADELPHI THEATRE. [illegible] ALBERY. [illegible] ALDWYCH. [illegible] ROYAL SHAKESPEARE COMPANY [illegible] AMBASSADORS. [illegible] APOLLO. [illegible] ARTS THEATRE. [illegible] ASTORIA. [illegible] CAMBRIDGE. [illegible] COMEDY. [illegible] CRITERION. [illegible] DRURY LANE. [illegible] A CHORUS LINE [illegible] DUCHESS. [illegible] DUKE OF YORK'S. [illegible] FORTUNE. [illegible] AGATHA CHRISTIE'S MURDER AT THE VICARAGE [illegible] GARRICK. [illegible] GLOBE THEATRE. [illegible] GREENWICH THEATRE. [illegible] HAYMARKET. [illegible] KING'S HEAD. [illegible] KING'S ROAD THEATRE. [illegible] THE ROCKY HORROR SHOW [illegible]

LYRIC THEATRE. [illegible] FILUMENA [illegible] MAYFAIR. [illegible] NATIONAL THEATRE. [illegible] OLD VIC. [illegible] OPEN SPACE. [illegible] PALACE. [illegible] JESUS CHRIST SUPERSTAR [illegible] PALLADIUM. [illegible] PHOENIX. [illegible] PICCADILLY. [illegible] PRINCE EDWARD. [illegible] EVITA [illegible] PRINCE OF WALES. [illegible] QUEEN'S. [illegible] RAYMOND REVUEBAR. [illegible] ROYAL COURT. [illegible] ROYALTY. [illegible] SAVOY THEATRE. [illegible] SHAFTESBURY. [illegible] STRAND. [illegible] ST. MARTIN'S. [illegible] AGATHA CHRISTIE'S THE MOUSETRAP [illegible] TALK OF THE TOWN. [illegible] VAUDEVILLE. [illegible] VICTORIA PALACE. [illegible]

THEATRE UPSTAIRS. [illegible] VAUDEVILLE. [illegible] WAREHOUSE. [illegible] WESTMINSTER. [illegible] WHITEHALL. [illegible] WINDMILL THEATRE. [illegible] WYNDHAM'S. [illegible] YOUNG VIC. [illegible] SHERLOCK HOLMES & THE RIDDLE OF THE ROYAL REGALIA

CINEMAS

ABC 1 & 2, Shaftesbury Ave. [illegible] CAMDEN PLAZA. [illegible] CLASSIC 1, 2, 3, Haymarket [illegible] CLASSIC 1, 2, 3, 4, Oxford St. [illegible] CURZON, Curzon Street, W.1. [illegible] GATE TWO. [illegible] LEICESTER SQUARE THEATRE. [illegible] ODEON, Haymarket. [illegible] ODEON, Leicester Square. [illegible] ODEON, Marble Arch. [illegible] PRINCE CHARLES, Leic. Sq. [illegible] SCENE 1, 2, 3, 4. [illegible] STUDIO 1, 2, 3, 4, Oxford Circus. [illegible]

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THE ARTS

St. John's, Smith Square

Tallis Scholars

At the start of the Byrd Festival Series (a successor to last year's Tallis Series, which I criticised for its total lack of attention to the music's texts) it was good to see the director, Peter Phillips, quoting in his programme note Byrd's declaration that liturgical texts had "such a reserve of hidden power that to one who . . . earnestly turns them over in his mind the fittest possible measures come at once and as if unaided."

The words of the liturgy will clearly be important in this four-concert series, for instead of concentrating wholly on Byrd's output, the Tallis Scholars are juxtaposing his settings with other composers' treatments of the same texts. In Saturday's first concert we were given five consecutive settings of the Magnificat — a possible case of overkill, yet with careful selection, strong enough contrasts were drawn to provide a fascinating sequence: from the serene clarity of Palestrina's double-choir version, through the Gothic elaboration of Taverner and the central-European richness of Lassus to Byrd's gravely complex setting in English.

The Tallis Scholars were on this occasion only 16 young voices, scarcely enough to do justice to the two-choir settings; but the cohesion of the group has increased since last year, and the high female "trebles" are now beautifully sharp and crisp in attack. There is less good blending below them, and a couple of intrusive male voices (plus some regrettably casual solo plainsong chanting) spoiled what could have been an excellent chamber-music balance.

William Mundy's Magnificent "in medio chori" was the find of the evening: its missing parts had been supplied by Phillips, and following a suggestion of Peter le Huray the subtitle was realised by placing the solo singers "in the middle of the choir," between what were on Saturday extremely depleted *Decani* and *Cantoris* groups. But the trebles soared brightly to their top notes, and the intricate polyphony—all the stranger for being to the post-Reformation English text—provided a compelling background and prelude to Byrd's own English polyphony, more severe, less flexible than his writing for Latin words, but no less moving.

NICHOLAS KENYON

Covent Garden

Cotrubas, Gedda

The recital at the Royal Opera House on Sunday was in aid of the Purchase Appeal Fund of the Russian Orthodox Patriarchal Cathedral. A Russian theme threaded its way through the programme, tenuously and very lightly, lending a little continuity to what was otherwise a charity concert of a now relatively unfamiliar kind.

The advantage — or, depending on the ears of the beholder, the disadvantage — of such a programme was that it gave an airing to a miscellany of material usually considered of an encore type. No one sang the Shadow Song from *Dinorah* or the Variations on "Ah, vous dirai-je maman"; but the young Oistrakh pupil Rasma Lielmane played the Saint-Saëns Introduction and Rondo capriccioso, a violin showpiece that wants a far greater degree of throwaway panache and tonal brilliance if its well-made vocuousness is not soon to outstay its welcome. More spirited were the contributions by Susan Drake, clearly one of Britain's outstanding harpists, who gave fetching accounts of the *Glinka Don Giovanni* Variations and later of Salzedo's *Song of the Night*, a salon piece with touches of exoticism that Miss Drake brought off with captivating finesse.

The stars were Ileana Cotrubas, Nicolai Gedda, and Shura Cherkassky. The pianist, who in Musorgsky's "Great Gate of Kiev" had begun the evening with some unpromising bursts of wild inaccuracy, later returned to form with Chopin, Rakhmaninov (an exhilarating Polka de W. R.) and Liszt's 13th Hungarian Rhapsody, music in which his incomparable showman's flair, wit of timing, and voluptuous, close-pressed legato phrasing survived even the hazard of a wretchedly shallow, ill-balanced instrument. He did not disappoint; nor did the soprano, expertly accompanied by Roger Vignoles, once she had passed a rather cautious opening group of "classical" airs and could open out a swell of radiance in "Depuis le jour" and then in two of the best-known Rakhmaninov songs. In Russian she mustered the almost Chekovian poignancy of Miss Cotrubas' tone, expression, and bearing does wonderful things, as her well-remembered Tatyana first showed in this house.

But Mr. Gedda, though his tenor was used with its usual ease, taste and care "usual" by his standards being understood to mean phenomenal by anyone else's), seemed to be slightly skating through his selection, which included the Hindu Song from Rimsky's *Sadko* and a Lehar bouquet—the sustained *mezza voce* sounded at first admirably subtle and later just a little like an effort-saving "rehearsal voice."

MAX LOPPERT

Elizabeth Hall

Philharmonia Ensemble

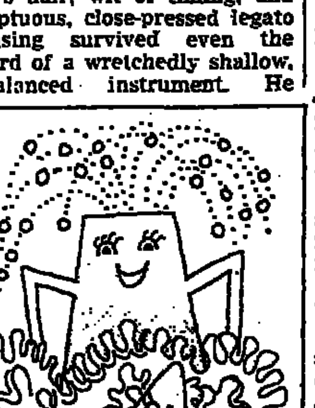
I wonder whether London has ever had such an all-Elgar programme before? One expects the Sonata for violin and piano to turn up—rarely!—in some solo violinist's recital, while the String Quartet and Piano Quintet belong to the fringe repertory of chamber music. But here were all three works sharing Sunday night's concert, as a pendant to the four orchestral evenings recently devoted to Elgar by the Philharmonia Orchestra.

Andrew Davis, who conducted those orchestral programmes, now reappeared as pianist and supplied most of the musical animation. The three works themselves, all dating from as late as 1918 and all very much minor products from the Elgar workshop, require a great deal of "putting over" if they are to be thought worth doing at all.

Mr. Pini was joined by other section leaders from the orchestra (Gillian Eastwood, John Chambers, and Norman Jones) for the String Quartet. It has the only memorable and thoroughly Elgarian tune (in the slow movement) of any of these three works, but in the absence of Mr. Davis's participation it merely plodded along for the most part. I wished that Miss Eastwood's richer and more urgent playing had won her the position of first rather than second fiddle.

Finally came the Piano Quintet, in the first movement of which Mr. Davis was able to *make much of a prominent and* vigorous piano part with some curiously Brahms-like sonorities.

ARTHUR JACOBS



Heidsieck Dry Monopole
The Champagne with all the sparkle and fragrance of France.
Shipped by Bouchard Aîné

National Gallery and National Portrait Gallery

Royal treasures on public view

Down at Windsor, they are refurbishing the State Apartments. Instead of having all the pictures stashed away in racks until this is done, the Queen has lent out a handful until the end of April, notably to the National Gallery and the National Portrait Gallery. This is something other than the usual odd loan. The most astonishing item is inevitably the Vermeer. You look through some 300 years, the length of that placid Dutch interior; across the diamond chequer of the tiled floor through the stillness of the diffused sunlight, to the back of the girl standing at the spinet, the man standing almost profile at her side. Her music master? Her lover? The silence is loaded: as music may falter for a second, or speech between question stated and answer given. This is the finest Vermeer in Britain, and now visible to close and wondering scrutiny, to leaving and coming back again, at this time of year anyway, clear of the tourist season.

Once, considering the problem of saturation in public galleries, I made a theoretical calculation of the maximum time that visitors to the National Gallery would have to view the two resident Vermeers properly (not more than two people can look at one of these small paintings in comfort at the same time), assuming that everyone of the millions of visitors wished to see them. It worked out (given orderly queuing) in terms of seconds each rather than minutes. Fortunately, in practice, it usually isn't that bad but do not coincide with a coach load in front of what is now a truly spellbinding sequence: the Gallery's two Saenredams—those white church interiors brimming with light—flanking the three Vermeers; for me, far better this, for meditation on silence and slow time, than any Greek vase.

Do not miss either, on the same wall (in Gallery 28) another royal loan, Jan Steen's sighting, through an elaborate architectural arch, of a girl sitting on a bed taking her stockings off. Steen, in contrast to Vermeer, was prolific and very various in his subjects, but usually thought of in terms of "low life." He has never achieved the sort of universal charisma that Vermeer has exercised over the last century. This little painting is, I suppose, a "low life," the girl, in that mysterious and antique phrase, no better than she ought to be. As a piece of pure (and miraculously well preserved) painting it is as seductive as the Vermeer. In fact, it too has unheard music: the lute, music, and skull on the foreground ledge indicate a *Vanitas*; it also has the air of heightened reality that supremely successful illusionism can induce. If you try to resolve the exact relationship of the arch (the proscenium) to the scene within it, you will run into difficulties. Mirrors may be involved, as they are overtly and perhaps also not so overtly in the Vermeer, for which a *camera oscura* was used by the artist, giving that immaculate photographic perspective. Both exploit the conjuror's tricks in the service of the highest art.

Elsewhere among the National's royal loans: a singularly unroyal Adrian van Ostade (Room 17). An interior this time in decay, in the squalor of peasant life: father, mother and two children at their meal; an open commode, variegated litter on the floor. No Dutch godly cleanliness here, yet just look at that light, flooding tenderly in from tall windows on the left as so often in Dutch interiors of all kinds, illuminating so benignly the picture's unlovely subject matter, kindling the bread, the knife on the table, into lovely still life.

Then (Room 16) two little paintings born of the northern persistent nostalgia for the sunbasking Mediterranean south, by two of the ablest Italianate Dutch painters, even if Berchem and Poelenburgh are not to be mentioned in quite the same breath as Cuyp. The Berchem catches, in an exclamation of brilliant red and blue in jacket and skirt, a woman on a white horse seen from behind. One arm flung out, as if she has just sighted the Promised Land, a valley balmy in late sun unrolling to low hills beyond, under that sky that Claude knew and loved. In the Poelenburgh, one is well into the Promised Land, in an inconsequential pastoral of peasants and animals, as if an opera chorus is about to burst into song; the ruin of a classical portico on one side, a hill-climbing southern farm of utmost picturesque on the other.

Round the corner, the Queen's loans to the National Portrait Gallery are all together in a new mezzanine they have just conjured out of a bend in the upper stairs. For the staff, the loan may remind them a bit poignantly that they have no mint original by Van Dyck in their permanent collection. Van Dyck, I am wont to maintain, invented the English gentleman, so he should be represented, but as it is, his Charles I rides superbly next door in the National as a work of art; in the Portrait Gallery Charles's representation, as national hero (or villain), is by lesser masters normally.

Till the end of April, however, you can scrutinise what is perhaps the most famous, most haunting, of all Van Dyck's characterisations of Charles I: the "three-in-one," profile, full face and three-quarter view all on one canvas, that Van Dyck painted for Bernini to carve a bust from. At the sight of it, as it was unpacked in Rome, Bernini is said to have been overcome by tears at the implications of tragedy written into that melancholic face. The Martyr before the Event; or, as a late 18th century painter observed: "A face fit to paint the Saviour from."

The Van Dycks here are bewitching. The two little Villiers boys so fetchingly insouciant in their red silks, all innocent nonchalance there but one of them to bloat later into one of the most rake-helly of Restoration wits and courtiers, George 2nd Duke of Buckingham. There are the five Children of Charles, with the great mastiff. There is too that haunting, pensive, double portrait of the courtier poet Thomas Killigrew and one Lord Croft. Croft used to be identified as that marvellous poet Carew, and that he shouldn't be him is a pity, as this painting, one of Van Dyck's most evocative and moody masterpieces, is the perfect equivalent of poetic melancholy.

There is also a couple of Tudor portraits of high historical importance, never available before for the student to study closely side by side. I had indeed always believed that these two paintings, for all their patent similarities, could not be by the same hand. Last week, had you been with me, you might have heard a small noise of clicking, as of tumblers in a lock falling into place: the sound of an art historian changing his mind (quite painless, I'm happy to report). The two portraits of the rather prim young Edward VI and of the young Elizabeth I as princess are still labelled cautiously as artist unknown, but must be, almost by a process of elimination, the mysterious *Scrots* or Streetes, Holbein's successor and acclaimed in his time as a leading painter in Europe. I would guess that many may find the image here of the young Elizabeth even more moving than the Charles I. The very still figure of the girl, holding her book with a finger marking the place; certainly "comely" if not strikingly handsome (as a foreign observer was to qualify her some years later), with her fantastic future as the Virgin Queen quiescent within her. She was to remark of a slightly later, now unidentified, portrait that she sent to her brother: "For the face I grant I might well blush to offer, but the mind I shall never be ashamed to present. . . ."

DAVID PIPER


"Lady at the Virginals" by Vermeer. (Reproduced by gracious permission of Her Majesty the Queen.)

Festival Hall

Serkin

I have written here before of my admiration for Rudolf Serkin, and of the difficulty of writing about his playing—of twisting words to catch a quality, and an experience, so far beyond their reach. The greatness of a great Serkin performance lies beyond simple, objective appreciation, and as far beyond vocabulary. Nothing he does is obviously brilliant, even obviously beautiful. There are few quickly recognisable tricks of the trade in his playing, no pianist sleights of hand. There is no "Serkin sound," no instantly identifiable trade-mark. Yet even though—perhaps rather because—the attention is so rarely drawn to what Serkin *does*, it is drawn like magic time and again, in a way that is utterly unique, to the progression and bare essence of the music.

His account of Schubert's late, great A major sonata D959 at the start of his recital yesterday—for though it came at the end, it was really the start of the afternoon, the alpha and omega: it has happened at a Serkin recital more than once that the works which precede the last seem no more than overtures to set the place and scene—was maybe not the greatest Serkin; but it had true elements of greatness. It had a wonderful clarity of purpose to its movement, a heart that pulsed deep below the surface of the notes: a wholeness and integrity that held firm from first to last.

Serkin is above all a great architect: one remembers *vividly the span of the A major* sonata, the current of relaxation and tension, the whole force. He is too intelligent a Schubertian to castrate the first movement by omitting its exposition repeat—and how long is it, indeed, since one has heard that epic music given its full breadth and weight? In spite of a strange memory lapse, brilliantly concealed, which somewhat reshaped the reprise, the force of the movement was unscathed, a single line of unswerving buoyancy and resilience. The andantino was a marvellous canvas of muted colours, terrifyingly bleak; the scherzo a wry and glittering prelude to the finale, screwed very slowly taut to breaking point, and to final release. A sprinkling of wrong notes mattered not all: even the handslip which altered the fourth from last chord to another harmony entirely seemed, in context, no error, but an explosion of tension, entirely apt.

He had begun, as if testing the air, with a plainish account of one of Mozart's plainer sonatas, the A major K331—though there were flashes of searching light here too: in the trio of the minuet especially, with its lovely counterpoint of antiphonal song; and in a nicely pungent (if also a shade humourless) *Rondo alla Turca*. There was no concession to sweetness in his account of the later set of four Schubert Impromptus: the first, like a snowscape, sparkling and austere: the second, drawn in the colours of late, smoky autumn, bleak and bittersweet. But there was a fine lilt to the second of the Andante variations; and in the *last Impromptu, taken at just* the right finger-cracking *scherzando* tempo, not a little of lively wit.

DOMINIC GILL

Lewisham Concert Hall, S.E.6

Dutch Swing College Band

The Dutch Swing College Band has been a sturdy pillar of European jazz since May 5, 1945, Liberation Day, when it was officially formed. Since then it has literally toured the world, playing polished and sparkling Dixieland and mainstream jazz, always with a strong emphasis on enjoyment. This was certainly so on Saturday night at Catford, one of the band's stops on its present tour of England.

Led by reedman Peter Schilperoort, one of the founder-members, the seven-piece line-up zipped through a repertoire of mostly familiar standards yet gave them an invigorating, spruced-up treatment. There were some originals by band members, too. "Clarinet Rag," a tricky unison feature for the clarinets of the leader and composer Bob Kaper, was dashed off with deceptive ease.

Each musician was briefly featured but only on "There'll be some changes made" did the front line really get a chance to stretch out and impress. Most successful was trumpeter Ray Kaart who stole the honours with his half-valve notes, growl effects and use of the mute which echoed Rex Stewart. More of his creative playing and that of Peter Schilperoort on soprano or baritone-sax (the latter not exactly an established instrument for this style of jazz) would have been preferable and more pleasurable than the ghastly drum solo which dragged on for close on 15 thunderous minutes.

In keeping with the infectious foot-tapping music of the DSC there was the bonus of veteran blues pianist Sammy Price from Texas, who had an all too short spot closing the first half. A firmly two-handed player he specialises in rollicking boogie-woogie but, mindful how boring it can become if overdone, he rations it carefully. When he plays a slow, low down dirty blues you know for certain it is the genuine article. Then he turns to "Honeysuckle Rose" which he embellishes at the start with puckish humour before slipping into a hard swinging Fats Wallerish excursion on the keyboard. Yes, we could have savoured far more of Sammy Price on Saturday.

KEVIN HENRIQUES

Kenwood

Roger Woodward

Dominic Gill wrote last week about the first stages of Roger Woodward's Beethoven cycle: on *Sunday Woodward continued* his weird unpredictable journey with the Op 28 and all three of the Op 31 sonatas. I can think of a dozen pianists who could play Beethoven sonatas with more confidence and coherence than Woodward; yet how many would provide so much insight and passing new thought?

Woodward is not on top of this music: he is deep inside it, struggling to get out. There are countless smudged bars, a couple of literally diverting memory lapses (the one in Op 31 No. 3's scherzo was deftly retrieved, the one in Op 31 No. 1's finale was just clumsy) and too much willingness to pound the keyboard in the hope that the notes will go away (one tricky left-hand figuration in the Op 31 No. 3 Presto was non-existent every time, in the encore repeat well).

But through this desperately insecure, over-assertive response to the music Woodward ventures extraordinarily some thing of a real Beethovenian struggle. There is as much logical sequence in his performance as in a bad dream—yet this, in Op 31 especially, is how it should be.

The slow *movement of Op 31* No. 1 was schizophrenic, a clipped mandolin serenade broken by unearthly, misty chords. The thrust of the opening of Op 31 No. 2 was interrupted by the recitative, utterly lost, meandering in a blur of pedal; while its finale was a tempest indeed, whose next gust of wind one could not possibly foresee. The Trio in Op 31 No. 3 was not repeated but transformed, from a staccato job to an impressionistic haze. Best of all, the almost insane first and last movement codas of Op 31 No. 1—perfectly deadpan, avoiding the knowing joke and the pert witticism, frighteningly spontaneous, an almost contemptuous trick on the listener; Beethoven's spirit perfectly, just for a moment, encapsulated.

NICHOLAS KENYON

Elizabeth Hall

Monteverdi by FRANK DOBBINS

Having conducted the three surviving operas for Kent Opera and the Vespers with the Schütz Choir, Roger Norrington has recently become a leading champion of Monteverdi. In Friday's concert at the Elizabeth Hall he turned to the semi-dramatic works—the *Ballo Delle Ingrate* and the *Combattimento di Tancredi e Clorinda*. A ballet without dancing and a combat without action do not make ideal concert material: listeners' ears are concentrated on the music in a way the composer never intended and success depends very much on the merits of the score. In the case of the *Combattimento* these are frankly limited; the long passages of rather arid recitative for the narrator, although precisely declaimed by Neil Jenkins with the occasional stylist flourish, hardly enhanced Tasso's sonorous verse although Anne Ridler's excellent English translation at least insured comprehension; likewise the instrumental ritornelli in the "agitated style" with measured tremolos and other descriptive devices neatly executed by the Baroque instruments no longer enjoy the benefit of novelty.

The *Ballo*, though also composed in the new representative manner, has more musical interest and variety with a larger lyrical element that ensures more success in concert. This performance was well wrought with lucidly articulated solo and ensemble singing firmly coordinated with the octet of authentic instruments (two violins, two violas, cello, chittarone, harpsichord and regal organ). The BBC engineers recording the concert will no doubt subdue the stentorian tones of John Tomlinson which tended to dominate the lighter voices of the other singers. But his cavernous Pluto was enormously impressive, plumbing the mysterious depths of the vocal underworld with the utmost clarity and strength. In bright contrast was the translucent timbre of Rosemary Hardy's Ingrata.

The programme was completed by Monteverdi's *Sestina* performed in the traditional manner as a five-voice madrigal without instrumental support. Like the most famous Lament of Arianna which was also published in the 6th book of Madrigals this lament was probably originally conceived as a monody. Mr. Norrington, who discreetly directed the five singers of the Schütz Consort from a seated position, made no attempt to focus interest on the dominant tenor part, favouring democratic equality. But apart from a few lapses in intonation this was a most satisfying musical performance with beautiful phrasing and a fine grasp of overall structure.

DAVID HOCKNEY
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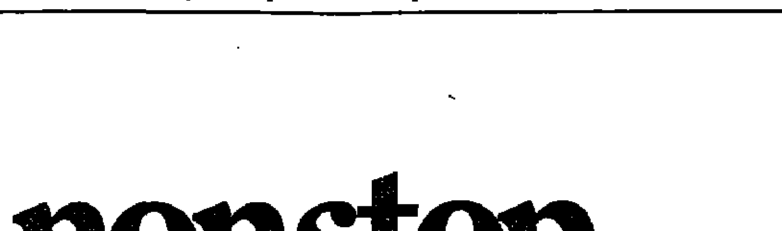

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Tuesday February 13 1979

No concession at Longbridge

THE DECISION by the senior shop stewards at BL Cars to lift the threat of a company-wide strike and continue negotiating with the management, following last week's overwhelming vote against a strike by the work-force, is the second time in as many months that the company's employees have shown a clearer grasp of the realities of the position it faces than their unofficial representatives.

The first occasion was in December when the workforce voted to accept a programme of parity payments to establish the same rate for the same job in all of the company's 34 plants. It is true the programme had been recommended by the shop stewards by a narrow majority, whereas last week they were calling for a strike when the company announced that productivity had not risen by enough to warrant the first interim payments. But the result of the voting at plant level was broadly the same on each occasion.

Basis

The threat to the attempt to establish a centralised bargaining procedure, which became evident in the calls at some plants last week for a return to local negotiations, has thus —for the moment—been avoided. Mr. Michael Edwardes, the BL chairman, has made it clear that he is prepared to discuss plant-by-plant productivity bargaining but only when the company's industrial relations have been reformed on the basis of a single scale of basic rates and a common annual review date. An end to the chaotic play bargaining structure of the past has to come first.

This step could still be some way off. Throughout the negotiations Mr. Edwardes and his colleagues insisted that the move towards parity had to be fully self-financed by improved productivity. They strongly refuted the suggestions made last week that the employees had not been informed of their own plants' productivity targets and of the fact that the parity increases were contingent upon improved performance throughout the organisation. The events of last week or so clearly underline the importance of an effective system of internal communications.

As it is, performance fell far short of what was needed. The targets—a rate of output averaging 6.16 cars a worker a year in the period to May, rising to a level of 6.52 cars from November onwards — are far from demanding by international standards. But the company managed to average only 4.7 cars in the first three months (for which the lorry drivers' strike was only partly to blame). Production at the Longbridge plant, where the workforce walked out shortly after a strike was called, was also well down.

Limited progress

Higher productivity is essential to the company's survival. Mr. Edwardes has eschewed the more expansionist philosophy of his predecessor (which still has adherents among the company's shop stewards), preferring instead to concentrate the company's capacity around an annual production rate of about 800,000, a level which could restore viability given an adequate level of efficiency. Without improved performance, he has warned, the company could not justify drawing on the next tranche of government finance. The closure of the Speke plant and the cancellation of investment at Bathgate showed that he means what he says.

To start moving towards parity scales of pay without the concomitant rise in productivity would forfeit the limited progress that has already been made. Likewise, as Mr. Eric Varley, the Industry Minister, said last week, the company is in no position to withstand a prolonged break in production. A major strike, at Longbridge or any other plant, would inevitably lead to a further shrinking of the company. The company's insistence on keeping to the terms of the parity pay agreement which both the shop stewards and the workforce, voting in a secret ballot, accepted is essential not merely to maintain Mr. Edwardes' own credibility. It is basic to the task of turning BL round.

Odds against Andreotti

THE LONG struggle by Italy's Christian Democrats to contain the advance of the Communist Party has moved into a new phase this week. After resigning two weeks ago, and spending last week taking preliminary soundings, Signor Giulio Andreotti, the outgoing Prime Minister, is now starting more active negotiations to see if he can put together a new Government. Were he to succeed, it would be his own fifth and Italy's 41st Administration since 1943. But at a time when relations between Christian Democrats and Communists have reached their lowest point in years, and the two parties' bargaining positions looking apparently irreconcilable, the odds are stacked against him.

Predicament

Signor Andreotti has let it be known that his aim is to resuscitate the formula that has served him well for most of the past two years—a Christian Democrat minority Government backed by the Communists and other Parties in Parliament—an arrangement that gives the Communists influence on Government but not formal participation in it. He does not appear to be interested in leading any other kind of Administration. The problem is that he is in his present predicament precisely because the Communists are no longer happy with the old formula. They increasingly feel that they have been tricked into an invidious position in which they have lost support on their left by co-operating with the Christian Democrats but failed to gain control over the real levers of power in return. They now insist that Communist Ministers must be included in any new Government.

As the Christian Democrats, for their part, have been equally adamant in rejecting any such notion, the impasse would appear to be total. But such are the ways of Italian politics that a number of ingenious solutions have been put forward. One suggestion, probably an unlikely runner, is an "institutional Government" under the President of the Senate, Signor Amintore Fanfani, with the Party leaders as Ministers without portfolio and all other Ministerial posts filled by non-party "technocrats." A proposal that has been more seriously debated is for a regular Government in which "technocrats" would fill as many as half the posts, or at least some of the more important ones, and Christian Democrats the rest. It is hard, however, to see this being acceptable either to the Communists or to the increasingly influential right wing of the Christian Democrats.

The revival of the Christian Democrat Right has been another factor contributing to the present crisis. Its influence in the Party has grown as the Communists' difficulties have become more manifest, and that in turn has hardened the Communists' determination to get fully into Government or to leave it altogether. It has been an important element in the deteriorating relations between the two Parties, which reached a particularly low point at the end of last year when the Christian Democrats pushed through decisions on two major issues—Italy's entry into the new European Monetary System and the nomination of new heads for a number of important State organisations—in the teeth of Communist opposition. The show of Christian Democratic independence was symptomatic of the Party's growing confidence that the Communists' long term advance to power is no longer inevitable.

Elections

If, in these circumstances, the parties are still persevering with negotiations, it is largely because there is little enthusiasm for the early general election that is the only alternative. The Christian Democrats believe they would win votes from the Communists. But Signor Andreotti fears the risk of the increased political violence that a lengthy election campaign might bring and the damage that a period of uncertainty might do to his economic recovery programme. The Communists, who hold an important party congress next month, are not yet ready to face the electorate, while the Socialists, the third biggest Party, would prefer to wait until the June European election, in which they are hoping to score highly. But a general election in the coming months may in the end prove inevitable. Signor Andreotti is one of his country's most skilful politicians, but if neither side backs down his task looks well nigh impossible.

INFLATION AND EXCHANGE RATE INSTABILITY

BY NICHOLAS COLCHESTER

The Eurocurrency market: villain of the piece?

I do not suggest that the statistics of international bank lending are not telling us something. I am merely airing my own prejudice in such cases against executing the messenger.

Gordon Richardson
Governor, Bank of England

It would be useful to arrange a concerted push for greater transparency and control in the Euromarkets. So far all initiatives in this direction have collapsed over the interests of those countries which particularly profit from their existence.

Karl-Otto Poehl
Vice-President, Bundesbank

We must understand and deal with the liquidity which exists in the stateless market.

William Miller
Chairman, Federal Reserve

THE DIFFERING statements of these central bankers make it clear that opinions are divided about whether the Euro-currency market is an advantage or a problem for the world.

This argument has cropped up at intervals during the past decade. It is prevalent today because a period of peculiar instability in the foreign exchange markets has left a number of Western governments feeling that they have inadequate control both of the external value of their currencies and of the quantity in circulation. They are eyeing the Euro-currency market as the potential villain of the piece.

The suspect is only 15 years old and has grown remarkably swiftly. It is a market in the deposit and lending of currencies outside their home countries—dollars in London, Swiss francs in Luxembourg and so forth. Since 1970 the foreign currency liabilities of banks in all the significant banking centres have grown at an annual rate of over 25 per cent to a total last September of around $800bn.

One notable feature of this market is the proportion of this figure which represents deposits of banks from and in other banks. The first instinct of the outside observer is to sift out all this interbank business and find out what use original sources and final borrowers of funds are making of the Euro-currency market. Morgan Guaranty Trust explains that this is a difficult exercise, as banks are often themselves a source or end-user, or at least acting as agent for one. Morgan Guaranty's estimate for the "net" size of the market is about $450bn last autumn, of which roughly half remains interbank business. This net figure has been growing at roughly the same rate as the gross one.

Before examining this speedy growth it is worth noting one reason why the interbank part of the Eurocurrency market is in itself significant. A large proportion of forward exchange contracts—an important part of commercial life nowadays—are matched by Eurocurrency deposits. One way for a bank to guarantee a U.S. trader a fixed price to buy D-Marks at some moment in the future is to convert dollar deposits into D-Marks today, and then to redeposit those D-Marks with another bank until the moment when the trader buys them with dollars. The cost to the trader of this service is the interest lost by the bank in depositing low yielding D-Marks rather than high-yielding dollars.

Other banks may use this foreign exchange link in a different way. For instance Swiss banks, lacking a satisfactory domestic money market, can use the Eurodollar market as a place to borrow or dump Swiss franc funds. They simultaneously arrange forward exchange cover to protect themselves against the currency risk.

This is the significance of the interbank Eurocurrency business. It is an international melting pot where the interest rates available in different currencies are made consistent with the general speculation about their future exchange rates. This consistency would be established even without a Eurocurrency market: but probably not as fast. The ability of the Euromarket to turn credit in one currency into credit in another and speedily to turn currency expectations into interest rate levels is one source of discomfort for governments.

The growth of the Eurocurrency market is often said to be the result of the growth of the uses to which it has been put. For example, attention is often drawn to the way in which the size of the market has increased with the total of balance-of-payment deficits in the world. The implication is that the former has been the result of the need to finance the latter.

Beyond exchange control

Yet the root cause of the market's rise is its inherent advantage of being loosely regulated. This has allowed it to satisfy the lion's share of demands which have been made on the international banking system as a whole. It has won this business because it offers better terms to both borrower and depositor than are available in domestic banking markets. It is able to do this because of lower regulatory costs, such as reserve requirements, because of lower operating costs, in that the Eurocurrency market is strictly a wholesale business and because money tends to collect where it is beyond the reach of exchange controls.

Demands well suited to a market of this unregulated, wholesale character have certainly been there. In the years 1973-74 the current account deficits of all the world's deficit countries suddenly leapt upwards by a factor of four from an annual figure of $20bn to one of $80bn. To start with, this rise reflected the large surpluses of the oil producers. But the curious thing is that in the last three years OPEC surpluses have played a diminishing part in this imbalance.

Its sustained size today is due to major deficits and surpluses in industrial countries, together with deficits in Eastern Europe and in the developing countries. A significant proportion of these deficits have been financed through syndicated loans funded in the Euro-currency market.

On the supply side of the market, central banks and monetary authorities have provided an estimated one-third of the additional cash redeployed by the Euro-currency market since 1974. OPEC countries put up about half of this "official" contribution. Another sizeable source of funds has been U.S. bank deposits reinvested in the Eurocurrency market.

Given the quantities of money involved it is not surprising that the Governments of countries whose currencies are mainly being deployed in this way suspect that this international tail is starting to wag the dog. Last week it was revealed that the Fed was attempting to discourage U.S. banks from drawing dollars from the Eurocurrency market. It was worried that its measures to tighten monetary conditions in the U.S. might be undermined by inflows from abroad.

The fact is that Switzerland, West Germany and the U.S. now have a significant proportion of the supplies of their currencies abroad. This offshore money stock does not appear in the domestic money supply figures to whose control everybody now attaches such importance. For instance the dollar component of the net Euro-currency market was around $300bn last summer and was thus equivalent to one-third of the broadly defined U.S. money supply.

Liabilities to non-banks

In a recent analysis Morgan Guaranty claims that these figures are not comparable. It regards the $100bn of Eurodollar liabilities to non-banks as the correct figure to compare with money supply. Even under this definition Eurodollars still amount to an additional one-ninth of the U.S. money supply, and their annual growth has recently been equivalent to one-quarter of the growth in the U.S. money stock.

The arguments for a greater degree of control of the Euro-currency market are based on four fears. There is the suspicion that it is adding greatly to the world's spending power and thus to general inflation. There is the feeling that it increases the funds available for currency speculation and thus adds to exchange rate instability. There is also the argument that, because of its unregulated and competitive nature, it allows banks to make big loans to risky borrowers on unrealistic terms. Finally there is the fear that it is providing funds to spendthrift developing countries without the strings that would be attached to funds from an official agency like the IMF.

At the moment the suspicion of increased global spending power remains just a suspicion. The idea that the Eurocurrency market provides an extensive pyramid of credit (loans redeposited by the borrower to fund fresh loans), because of the lack of reserve requirements, is out of fashion.

The general feeling among economists is that the increase in global spending power due to the Euromarket is not significantly greater than that which would have been created had the demands of this decade been directed at domestic banking systems in the absence of such a market.

The most graphic statement of the thesis that the Euromarket leads to increased speculation and reduced national monetary control is that "great pools of stateless currency are sloshing around." An academic would argue that the march of investors and speculators and traders towards currencies offering the optimum mix of interest rate and exchange prospects would continue whether the available pools of currency were within or without state boundaries.

Yet the general view at the moment is that the Euromarket probably has introduced a degree of instability. The Eurocurrency market allows for an extremely rapid interplay of currency expectations and interest rates, probably more rapid than would take place across frontiers, and unhindered by exchange controls. Moreover, this equalising process affects supplies of currency that are significant in relation to domestic supplies. The Euromarket may, as the governor of the Bank of England says, be only a messenger. Yet this messenger has great weight and changes its mind with disconcerting rapidity.

The argument that banks may behave imprudently in the Euromarket is taken seriously too. The risk premiums charged by banks to the riskier state borrowers have come down and down, while the current state of a once triple-A borrower like Iran is a daunting reminder that provision for bad debts must be paid for.

At the same time it is obvious that participants in the syndicated loan game are making 10-year loans on the glib assumption that such loans can be funded into the distant future at six month intervals and at a reasonable rate in the interbank market. There is widespread agreement among central bankers that a central bank must have insight into the operations of international banking subsidiaries for which it is lender of last resort. The barriers to the flow of this information are gradually being eroded.

Official loans

The long drawn out problems of Turkey—to give a topical example—are a reminder of the way in which Eurocurrency loans have overwhelmed official loans in financing the aspirations of developing countries. Mr. Harold Lever, Britain's Chancellor of the Duchy of Lancaster, pointed out recently that from 1974 to 1977 the net foreign currency finance provided by banks in the Group of Ten amounted to $230bn while the IMF provided $16bn in the same period.

For all the credit analysis which goes on, bankers admit privately that a proportion of this lending is underpinned by the premise that official sources of finance will not allow a major default to endanger the whole banking market. There is a growing feeling that the quid pro quo should be still stronger links between banks and agencies like the IMF in deciding whether, and on what conditions, state borrowers are creditworthy.

To sum up the Eurocurrency market is not immune to criticism and there is a wide spectrum of opinion about the degree of supervision to which the participating banks should be subject. Where the rift occurs is in the matter of global monetary standards such as reserve requirements. On one hand stand the international bankers and their host central banks like the Bank of England, on the other government officials and central bankers who most regret an apparent erosion of their monetary sovereignty. It is ultimately because of the absence of the costs of regulatory controls and because of its position outside exchange controls that the Eurocurrency market exists at all.

Central bankers with differing views of the problem. Herr Karl Otto Poehl (left), Mr. Gordon Richardson and Mr. William Miller.

MEN AND MATTERS

Queering a Sussex pitch

Taylor Woodrow may soon become associated with one of the most contrversial development projects on the South Coast. This is to build a £30m shopping centre on the Hastings cricket ground.

If the scheme goes ahead, a new Battle of Hastings seems certain. The town council is sharply divided—as are many local organisations—over the idea of obliterating a ground where such cricketing immortals as Grace, Bradman and Compton showed their strokes.

A Leeds property developer, Sam Chippindale, hopes to put in plans for the new complex at the end of next month, and tells me that Taylor Woodrow will be involved. Chippindale has no doubts that the scheme is needed: he dismisses the centre of Hastings, near which the cricket ground is situated, as "a mass of streets and little shops."

Chippindale was until December 1976 a director of Town and City Properties — which has itself redeveloped the centre of Eastbourne, 20 miles along the Sussex coast. He started the idea of covered shopping complexes in Britain and the largest monument to his labours is the 15-acre Arndale scheme in Manchester.

But Chippindale's record is unlikely to mollify Hastonians who consider the 120-year-old ground, overlooked by a ruined castle, to be a vital open space. Graeme Mounsey, chairman of the ground committee, says that any attempt to acquire the site under the Community Land Act would be resisted unless suitable new quarters were offered.

"We cannot discuss the scheme, because no plans have been submitted to us," says Mounsey. The town hall says that it has a new site in mind, but will not yet reveal where it is. The financial virtues of replacing a cricket ground, which as a charitable trust pays nominal rates, with a highly-rated shopping complex have not been lost upon officials.

So for the moment, Hastings cricketers are swinging their bats in anticipation of summer days ahead, and spectators are dreaming of a John Player League game on the fixture list.

If Chippindale finally knocks his opponents for six, he may like to know in advance that the ground lies over a subterranean river, and is waterlogged all winter long. Perhaps he should consider putting his shops on stilts.

"It's a bit of a joke, but everyone could do with a laugh at the moment!"

Mandy's friend

A book due out in August re-examines the career of a businessman whose disgrace coined a new word in the language. Simply entitled "Rachman," it is the result of three years research by freelance journalist Shirley Green. She told me yesterday: "It is a very peculiar story—and does not come out as people will expect."

The book is being published by Michael Joseph; the original publication date was June, but vetting for libel was lengthy. Some of the personalitiies named will be reading "Rachman" at long range: these include Judah Binstock and Gerald Caplan.

The Rachman scandal in the early 1960s overlapped with an even greater sensation of the period. The linking figure between the two affairs is Mandy Rice-Davies, who claimed that Rachman had died in her arms. "Just a myth," says the authoress Field briskly. It is one of quite a few she debunks.

Anarchy contained

A small-scale reflection of the wider industrial scene in the Latin Quarter of Cowley, where the new Professor of Poetry, John Jones, has reached a concordat of sorts with the University over his Inaugural Lecture. This was being arranged a few weeks ago, when the country was snow-bound, without train services on alternate days, and NUPE was just beginning to flex its muscles.

"The commonsense thing would have been to delay a big lecture till there was better weather and fewer strikes, and people could actually get here to listen to me," says Jones. When he suggested a delay, however, the frosty response was that the Oxford academic show, at least, must go on.

The typically donnish compromise now arrived at is that the Inaugural Lecture should be next term, after Jones' first lecture, which will be next week.

Scarcely noted for his smooth relations with the Oxford establishment, Jones says he is perfectly content with this bizarre arrangement. His lecture subject: The State of the Nation, about which he will talk extemporaneously.

Jones admits he is not on the surface especially qualified to discuss such things, but thinks there is plenty to say about Britain which "need not be the tired old patriotic stuff at all." We can perhaps look forward to an updated version of Culture and Anarchy, modulated by Dostoyevsky—the subject of one of Jones' most recent studies.

Mixed news

Any crisis, of the mounting or non-mounting variety, signals a fresh season for philosopher-pundity of all kinds. On the non-academic front, Lonrho's 78-year-old deputy chairman Sir George Bolton had his contribution to make yesterday at that rare event, a Lonrho press conference. "The western world faces something like disaster," Sir George told his audience, who looked as if Armageddon would not surprise them overmuch.

The cloud, Sir George consoled them, had a silver lining: 1978 had been a good year for Lonrho, at least, and 1979 should be even better. Perhaps Britain as well as Lonrho is excluded from the Bolton vision. He explained Lonrho's present interest in Britain: "It is like taking money out of a blind man's cup to buy British businesses." What about Brentford Nylons and Dunford and Elliott? someone chipped in maliciously. "You can't be right all the time," said Sir George. "We've been right four times out of seven."

Reversing trends

A forceful idea for "saving jobs in the British steel industry" is being aired by Jim Rose, chairman of the local TWGU branch at Shotton steelworks. He is leading a campaign to have the first redundancy notices issued to workers and bosses who drive foreign cars.

Rose propounds his idea in the latest issue of Steel News, the Steel Corporation journal. He says he is angry to see that some men at Shotton—a works in danger of closure—own Datsuns and Fiats. "Even worse, there are some managers who drive foreign cars. We think that is setting a bad example."

Observer

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The Coal Board's cruel financial straits

BY JOHN LLOYD

THE CURRENT negotiations between the National Coal Board and the National Union of Mineworkers on the miners' pay claim have cruelly exposed the board's financial straits. Yet these difficulties have become increasingly obvious over the past nine months.

In May last year, the Government let it be known, privately, that it would be willing to subsidise the price of coal sold to the Central Electricity Generating Board, which takes 60 per cent of the NCB's output, by means of a special grant to the Coal Board. "It would, in effect, be bribing the CEGB to burn coal," as one official put it.

The bribe, which was paid last October (rather earlier than the Government expected) amounted to £17m, topped up with a further £4m from the board's own funds. It was very much needed: for though the CEGB had taken a record level of 72m tonnes in the year 1977-78, it was regretting its decision to do so. Oil prices, falling with the dollar, were eroding the advantage which coal enjoyed over oil, and the oil-fired stations were moving inexorably up the CEGB's merit order.

At the same time as the Government was bracing itself to give yet another little extra to the board, the NCB's foreign policy received a severe setback. As the most powerful member of the European Steel and Coal Community, it has worked out a scheme for subsidising the sale of coal produced in the Common Market to EEC power stations. The package agreed by the EEC was costed at £147m: £67m to be spent on bringing down the price of steam coal to near Polish and South African levels; £33m to encourage the building of coal-firepower stations; and £47m worth of assistance to coking coal.

But at a meeting of EEC energy ministers last May, the plan was linked to a demand that the UK cut back on spare capacity in its oil refineries. Mr. Anthony Wedgwood Benn, the Energy Secretary, saw this as a loss of UK control and refused to accept the linkage.

As Mr. Benn pointed out at the time, and as Mr. Guido Brunner, the EC's Energy Commissioner, confirmed last month, the linkage argument was a reflection of the reluctance of most EEC members—which either produce no coal or, like France and Belgium, are running their industries down—to accept the largely UK view that the EEC coal industry should be supported. "There is a feeling that the non-coal producing members will be led by the nose into a policy similar to the Common Agricultural Policy," said Mr. Brunner delicately.

The inability of the ministers to agree meant that the NCB was deprived of a market which it estimated to be around 5m tonnes a year. There are few signs that agreement can be reached this year.

Steel

So the board switched its gaze back to the domestic market, which it found to be steadily getting worse. Coking coal was the most obvious problem: the recession in the steel industry meant that coking coal sales slipped from their "natural" level of 17m-18m down to 14.5m last year and will probably be lower in 1979. (Last week Sir Derek Ezra, the NCB chairman, spoke of coking coal sales running at two-thirds of their pre-recession levels.)

There was little help in the general industrial and domestic markets, both running at around 10m tonnes a year. Domestic has gone up a little, industrial down a little. Exports, on the other hand, have doubled from a low level of 1m tonnes a year to around 2m tonnes now.

The only factor which seemed to be going right for the board was productivity. Over a year ago, after an initial refusal, the mineworkers voted to accept an area-by-area productivity bonus scheme. It has had success: over the last nine months of 1978, an extra 600,000 tonnes of coal were produced due to the scheme: while at the same time 5,000 miners left the industry. Both productivity and production had been going down steadily over the past four years, and thus the turnaround has marked a considerable achievement.

However, two factors which cut across this encouraging trend must be considered. First, in the opening weeks of this year, production has been seriously affected by the lorry drivers' and railwaymen's strikes. Unwashed coal had to be stocked at the pit head, while considerable extra resources had to be diverted to coping with the side effects of the industrial disruption. "If we had had a good last quarter," Sir Derek told the Commons Select Committee on Nationalised Industries last week, "we might have recouped some of the setbacks of the first nine months. But our last quarter has been worse, not better." It is quite possible that, by the end of the board's year, production will not be significantly up, if at all.

Second, it seems unlikely that the scheme is yet self financing. Pressed on this point last week by the Select Committee, Mr. Norman Siddall, the board's deputy chairman, said that it is very difficult to assess—it is certainly going in the right direction." It is reasonable to suppose from this that the scheme's profitability still lies in the future.

This supposition does not rest simply on Mr. Siddall's understandable evasiveness. There is more direct evidence from the areas that (a) the scheme is not self-financing and (b) it is probably unreasonable to expect that it should be yet. Last month, the director of one of the board's marginally profitable areas reluctantly confessed that the scheme was not paying for itself in his collieries, and said he did not expect it would be for another year at least.

COAL OUTPUT AND MANPOWER

Year ending March	1975	1976	1977	1978	1979 (first 30 weeks)
Average manpower (000's)	246.0	247.0	242.0	240.5	237.1
Output per man/shift (cwt)	45.0	44.8	43.6	43.1	43.3
Output per man/year (tons)	446	445	440	434	239
Deepmined output (m tons)	115.0	112.6	106.7	104.6	56.7

Source: Government's Expenditure Plans, 1979-80—1982-83

Face workers

The major reasons for this were, he said, that increased productivity at the coal face meant a surplus of face workers, who then had to be redeployed, which in turn meant more manpower diverted to construct new drivages to open new faces. These faces would not produce for some months: but the miners on the drivages would attract productivity bonuses, sometimes high ones. Until the surplus manpower on the face had found new faces, then the scheme would pay out more money than the product would immediately justify. Indeed, in certain pits at certain times, the scheme could mean more payment for less coal. Such anomalies are an inescapable effect of the peculiar nature of coal extraction.

The experience of this one area—which agreed to the bonus scheme relatively late—may not be wholly shared across the country's coalfields, but it is likely that the main features of it will. It is thus also likely that, at the end of the year, the extra productivity will have done nothing much to help the Board's cash flow, indeed may have acted as a further drag on it. Thus even the bright spot in the Board's vision has been dimmed.

It has been particularly hard for Sir Derek and his Board to bear this pounding while at the same time having to repeat, as he did again last week, his determination to continue the high level investment—running at over £500m a year—in the future. Total cost of the Plan for Coal's programme from 1978/9 to 1981/2 is now estimated at £2.1bn.

The squeeze the miners are now putting on the Board for large wages rises—the claim still stands at 40 per cent—is met on the other side by a Treasury squeeze to cut costs. Losses in the current year, even after Government grants of £124m, are likely to be in the £50m to £100m area. Next year they may soar to £460m, although this is before counting in grants and the effects of price rises. What can the Board do? The major options for the NCB appear to be these:

● It can raise prices beyond the level currently planned. At present, it is foreseeing a price rise of 9 per cent in April. Some members of the NUM Executive believe this to be a solution—but that will have an immediate effect on the CEGB's coal burn, and is seen by the board as self-defeating. However, Sir Derek does see possible aid from the oil producers: if the oil price rises significantly, he would be able to price up coal accordingly, while still maintaining a marginally favourable coal/oil price ratio. At present, that ratio stands at 0.89:1 in favour of coal, but the greater ease of handling oil, together with its higher calorific value, means that the two fuels are virtually level pegging.

The OPEC countries have acted in the NCB's favour before, with the massive rises of 1973/4 which were the main stimulus for "Plan for Coal." Will they do so again?

● It can close more pits. Four are currently earmarked for closure—Teversal, in North Nottinghamshire, Granville in the Western Area (Shropshire), Woodhorn in the north east and Deep Duffryn in South Wales. A fifth—Hylton, in the north east, was marked for closure by the area NCB last week.

There are two problems on closures. First, the NUM has taken a tough stance, after an executive decision late last year to ballot members on industrial action if a closure went ahead without union agreement. Teversal, the first of these to exhaust its appeals procedure, is to go to area ballot soon, and area, or even national, action may follow.

Second, the NCB's mining engineers are often far from keen to close pits, even though the financial losses may be high. They argue that to lose existing capacity before new capacity is brought on is to invite a shortfall in production, and would further jeopardise markets. Where new pits, or major extensions to old ones, can be held up for months or even years by delays in planning permission, by environmental protests and by the development hold-ups which inevitably occur, the point is a strong one.

The tripartite committee (Government, NCB and unions) which is now looking into the problems of the biggest loss-making area, South Wales, is seeing these kind of problems at close quarters. As the area director, Mr. Philip Weekes, admits, "I could make a profit tomorrow—by closing pits." But not only would the social costs be higher than the board—or the Government—is prepared to pay: the loss of production from, say, an anthracite or a high-quality coking coal mine might mean imports to compensate, a prospect the NCB is determined to avoid.

● It can attempt to satisfy the miners—though possibly not the Government—by examining what more can be squeezed out of the productivity scheme. It can also attempt to increase working efficiency. The board has proposed raising the face-workers' bonus target from £23 a week to £28.20 a week—but the NUM believes that this was due, anyway, to keep bonus rates in line with the rise in miners' basic rates last year, so does not regard it as "new money." Working efficiency could be increased by cutting the times allotted for specific tasks—but that is unlikely to find favour.

● It can ask the Government for more money. It is doing so, in a variety of ways. Last week, Sir Derek told the Select Committee that the interest the board had to pay on its borrowing was among its most onerous charges. He added that he had asked the Government for some relief from them over and above the relief it already gets by deferring interest payments on projects costing more than £5m until the code is produced. He had argued that the high level of present investment was largely forced on the board by Government decisions, taken in the late 1960s, and early 1970s, to run the industry down, and that the Government should help pay for its mistakes. So far, however, these arguments have been without success.

It can try to persuade Government to raise its cash limit for the industry—now standing at £825m—though it has not done so yet. Sir Derek told the Select Committee that he did not regard cash limits as being inscribed on tablets of stone, so it is possible that such a request will be made.

It will almost certainly have to ask for a larger subsidy for its power station coal. It is at present asking the CEGB to take 73m tonnes of coal in the coming financial year, while the Generating Board estimates its burn at between 70 and 72m tonnes. No level is yet agreed.

CEGB bribe

The shortfall is not great, but if the price of coal must be raised again in the coming year, after the April price rise, then the CEGB will require bribing again to burn the level of coal take agreed. Sir Derek made it clear last week that the option of raising the price after April was one he is keeping open.

In short—and as is usual with the industry—its problems rest with the Government in the end. So far, the present Government, as the NCB has been happy to admit, has not lacked the will to support the Plan for Coal as times have got harder. But in the weeks of negotiations with the NUM which still lie ahead, in which the mineworkers themselves will make a direct appeal to the Prime Minister, that is bound to receive its toughest test.

Letters to the Editor

Comprehensive knowledge

From the Headmaster, Hayes School, Bromley.

Sir, — Michael Dixon's assertion (February 8) that there is "a rational argument for avoiding comprehensives" and that a youngster would have a greater prospect of being motivated in a selective school is not supported by my experience of teaching in grammar, public and comprehensive schools.

The admission register of this six form entry comprehensive school proves that during the past four years 60 pupils have been transferred here from independent secondary schools and more might have been admitted if places had been available.

Parents have various reasons for these transfers, but when they see a school which charges no fees, which is disciplined to obtain this year 763 A to C passes at O-level, and a success rate of well over 70 per cent, which has a caring and talented staff of 70 with over 60 university degrees between them, which has an ambitious and varied programme of extra-curricular activities and which has facilities and equipment superior to the vast majority of independent schools, they soon recognise a good proposition and will not easily be hoodwinked into accepting the 10 or 20 per cent reduction in fees or other marketing techniques of All Hallows or similar schools anxious to fill their places at a time of ever-escalating fees.

James Leeming.
West Common Road, Hayes, Bromley.

Picketing legislation

From Mr. Charles Simeons

Sir,—Most people will have considerable sympathy with the views expressed on picketing by the Director General of the British Institute of Management (February 8). But supposing the law was altered to meet every suggestion which Mr. Close has made, in the present mood, it would not change a thing.

The real need is to dismantle those parts of employment legislation which have given so much support to militants. Immediate moves should be to extend the protection period from six months to say 18 months. To delay tax repayments to the normal period of assessment after the tax year ends. To make unions responsible for financing their own strikes, instead of the tax-payer meeting them. Lastly, to remove unions from their present immunity to legal action.

These changes require no physical effort to enforce them as the problem of picketing would need, which Mr. Close suggests. They are moves which would I am sure have great support from the public, a necessary ingredient in any change of this type.

Management, whether Government, industry or commerce, holds the purse strings and can therefore control the situation if they wish. But first there needs to be a minimum wage above the level of social security so that the incentive would be towards remaining at work. It would in no way debar unions from calling strikes which are justified, but the membership would ensure that their money was properly used. Power would go back to the centre, as the Prime Minister suggested it should. Equally, unions could control their members since they would be paying them.

These proposals may not lead to Heaven upon Earth, but they would be a big improvement over the present situation and I hope that the BIM will pursue them.

Charles Simeons.
21, Ludlow Avenue, Luton, Beds.

Striking tactics

From Mr. J. T. Evans

Sir,—Those who took part in the recent Ford strike should be feeling very sick by now, especially as they suffered a substantial loss in wages to obtain their pay rise. It must be galling to see other large groups receiving similar or even bigger settlements on the strength of the Ford workers' sacrifice. At the end of the day those Ford strikers are going to be comparatively worse off than if they had continued working and had settled for 5 per cent. Why could they not see this?

Looking at the other side, it was very obvious that if the Ford workers won a large increase in pay this year, what has been happening these past few weeks was going to happen; so this strike was an ideal one on which to have made a stand. If the Government were so sure that a 5 per cent pay policy was right (and the merit of this is not being discussed in this letter) why did they not say to Ford management "please do not settle for more than 5 per cent this year and in return we will reimburse you the losses you suffer as a result of the strike?" The strikers would then have known they were taking on the whole country, who by and large were not inconvenienced by the strike action, and with little chance of success one suspects that they would have settled for the 5 per cent and ended the strike very quickly. Even if the strike had been prolonged, it would have been a small price to pay for sparing the country the current turmoil.

Perhaps there is a lesson to be learned.

J. T. Evans.
19, Melrose Avenue, Whitton, Middlesex.

Plead the Fifth Amendment

From Mr. J. Holt

Sir,—I can offer readers one possible answer to the interviewer's question: "What is your weakest point?" (Jobs Column February 6).

When asked the same question in an interview with a firm of City solicitors, I pleaded the Fifth Amendment — that one should not be made to testify against oneself. I now enjoy working for them.

Jeremy Holt,
14, Old Devonshire Road, Balham, SW12.

Selling prices

From Mr. D. Smith

Sir,—If the present Bill becomes law it will be possible for the Price Commission to freeze (or reduce) for fifteen months the selling prices of a company which is currently trading at a loss. In some cases it is likely that the company could be forced into liquidation and be unable to pay its creditors in full.

It is my understanding that under Section I of the 1977 Price Commission Act, the Price Commission is not able to claim Crown privileges or immunity. Presumably it would therefore be open to creditors to recover their unpaid debts from the Commission where it could be shown that the actions of the Commission had contributed to the failure of the business.

If I am correct in my interpretation, then, this possibility may be seen as a useful discouragement to an excess of zeal.

D. C. Smith.
5, Ferndale Road, Brooklands, Sale, Cheshire.

Economics of running the buses

From the Senior Lecturer Transport Studies Group, The Polytechnic of Central London

Sir,—Mr. J. A. Redwood (February 5) offers a remarkably negative view of the bus industry. He does not pose a clear or satisfactory alternative to present policies, and fails to draw some critical distinctions, notably that between the most efficient means of operating a given range of services and whether such services should be provided.

It does not necessarily follow that withdrawal of financial support to conventional services and/or existing operators will in itself produce alternatives that are as effective or cheaper. Many counties have taken the initiative to encourage positive reshaping (as distinct from cutting back wholesale), through household interviews and replanning of networks of all operators in the area concerned —as Surrey is doing for example.

Withdrawal or curtailment of conventional bus services may result in similar, if not higher costs to the public purse, albeit under different heads than transport, and denial of facilities to the public as a whole. Cheshire County Council, for example has found that cuts to the bus network beyond a certain stage would result in a net increase in costs resulting from additional school contract services.

Mr. Redwood surely misunderstands your article (February 1) re the 20 per cent of passengers coming from certain social groups. Pensioners alone may account for up to 20 per cent of all passenger trips, and groups such as wives of manual workers and the young much of the remaining 80 per cent. On his line of argument, one would thus provide concessionary fares for the majority of passengers, not merely one-fifth. Support for the general fare level and/or entire networks would thus appear socially equitable, and cheaper to administer than issue of concessionary facilities to most of the potential passengers in order to prevent the more affluent minority benefiting unduly.

In many respects the "concession" element arises mainly in respect of peak travel, especially that to and from school, in that off-peak services as a whole generally cover at least their direct costs. Pricing of school travel, notably in season ticket rates charged to education authorities, thus becomes a critical issue, as does the relationship between school contract and scheduled services, which in some cases may be integrated to give considerable savings without withdrawal of public facilities.

It is true that reduction in a net deficit can be obtained simply by raising fares in a generally inelastic market. Efficiency cannot be appraised by looking at financial returns alone, and in order to ensure that value for money is obtained, systematic monitoring of operators' efficiency is clearly desirable. We are now developing such techniques based on indices such as bus miles run per member of staff per annum, miles run per bus per annum, passenger miles conveyed per member of staff employed, etc. These reveal very considerable variations within the public sector associated with managerial policy as well as the operating environment, miles run per member of staff ranging from 5,500 in the case of London Transport to over 12,000 for some National Bus Company and municipal undertakings.

At no point does Mr. Redwood indicate lower-cost means by which the same level of mobility could be provided for those now using bus services (especially in rural areas) or means of determining service levels required. Although support to buses may appear high in isolation, in the non-metropolitan counties it averages about 1p per trip (through local authority support), plus a similar amount through new bus grant and fuel tax rebate. In contrast, schemes such as rural car-sharing arrangements can result in public expenditure averaging around £1.50 per trip made, and even schemes such as community minibuses (driven by volunteers) often conceal relatively high true costs in terms of vehicle purchase and replacement. The support needed for conventional bus services may be reduced by improvements in operational efficiency, but the general policy implied by Mr. Redwood could only result in substantial service cutbacks, reducing mobility of those without cars (and/or imposing higher costs in providing alternatives).

The powers of persuasion on local authorities to spend more on public transport are clumsy and ineffective, especially in relation to a county adopting such a determinedly different philosophy as Oxfordshire. The Government could in fact do more to meet its own objectives directly, by continuation of new bus grant, and writing-off, or directly meeting interest charges upon, the wholly unreasonable "capital debt" provisions placed on NBC. As the select committee on nationalised industries recently proposed, Government responsibility for this issue (a cost of £12m per annum, compared with about £30m per annum support received by NBC from counties) could assist services at least as effectively as further pressure on counties to raise support, and also create a clearer relationship between NBC and counties in that support paid locally would relate to current service levels and operational efficiency.

Peter R. White,
35, Marylebone Road, NW1.

Today's Events

GENERAL

UK: Confederation of British Industry statement on its proposals for pay bargaining system reform.

Railway Staff Council National Tribunal hearing begins into drivers' bonus claims, Mount Royal Hotel, London.

Overseas: Japan and U.S. open talks on revision of Atomic Energy Agreement, Tokyo.

OFFICIAL STATISTICS

Index of industrial production (December — prov.) Building Societies receipts and loans (January).

PARLIAMENTARY BUSINESS

House of Commons—Debate on Opposition motion on the state of British industry.

House of Lords—Agricultural Statistics Bill (Consolidation), third reading. International Monetary Fund Bill (Consolidation), second reading. Exchange Equalisation Account Bill (Consolidation), second reading. Marriage (Enabling) Bill, second reading. Conservation of Wild Creatures and Wild Plants (Amendment) Bill, committee. Films Bill, second reading. Estate Agents Bill, second reading. Carriage by Air and by Road Bill, second reading.

Select Committees — Science and Technology, Genetic Engi-Innovation Sub-Committee. Subject: BL future engine technology. Witnesses: AUEW, TASS (Room 15, 4.0 pm). Joint Committee on Statutory Instruments (Room 4, 4.15 pm).

COMPANY RESULTS

Final dividends: Beaumont Properties. Donald Macpherson. Interim dividends: Dalgety. MFI Furniture.

COMPANY MEETINGS

Archimedes Investment, 37 Queen Street, EC. 11. Hardys and Hansons, Nottingham, 12. NSS Newsagents, Woking, 2.30.

Royal Re

A new name and status for the reinsurance division of Royal

Royal Reinsurance Company Limited, a new name within the Royal Insurance Group, has been formed from Royal's reinsurance division.

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Royal Reinsurance

Royal Reinsurance Company Limited, 34-36 Lime Street, London EC3M 7JE

Bernard Sunley soars, despite trading setback

TRADING SURPLUS at Bernard Sunley Investment Trust fell from £1.36m to £889,000 in the half-year to September 30, 1978. However, net property income £429,000 higher, an £821,000 share of associates' profits this time, and lower interest costs enabled the property investment and development group to expand the pre-tax figure from £379,000 to £1.46m.

The contribution from associates arose mainly from the surplus achieved on the sale of International House at Tottenham Court Road, London.

The decline in the group's trading performance was attributable to Bernard Sunley and Sons, where contracting profit was cut from £2.24m to £1.46m, reflecting the fall in volume forecast in August. Though this subsidiary's overseas contracting work is decreasing, Mr. D. C. G. Jessel, group chairman, predicts a similar second half to that seen in 1977-78.

Additional income from rent reviews and new lettings helped lift rents received from £2.93m to £3.53m at half time, and a £978,000 increase to £7.2m is expected for the current year.

A slight reduction in administration costs at the Isola 2000 project accounted for the first half loss in France being lower at £556,000 (£672,000). Gross trading receipts in the current winter season at Isola are satisfactory and apartment sales are better than anticipated. The outcome for the 12 months is likely to be similar to last year, Mr. Jessel comments.

The group's housebuilding activities produced a loss of £96,000 (£99,000) in the first half while in Jamaica the loss was nearly eliminated at £3,000, against £154,000. Property dealing generated £22,000 profit this time and the surplus from other interests was £64,000 (£39,000).

With no relief against U.K. tax available on certain interests costs and trading losses abroad, the tax charge was up from £860,000 to £1.15m leaving the net balance at £311,000, compared with a £481,000 deficit. An extraordinary credit of £6.78m (nil) comprised mainly a £6.87m gain on sale of properties and early repayment of £18m 8 per cent debenture stock.

The net interim dividend is maintained at 1.65375p and costs £265,000. Last year a final of 2.69625p was paid from profit of £2.64m.

Mr. Jessel explains that the loss on housebuilding by Sunley Homes in the half year, represents overhead costs that are not recoverable under the management agreement with Wates Built Homes.

The sale of office property in Brussels for some £8.25m was completed in December, and in January this year the group's shares in Tannergate, which held a portfolio of commercial and residential property, was sold producing an after tax gain of £1m.

HIGHLIGHTS

Lonrho has produced its annual report and is confident about the current year despite being nervous about the world economic climate. GEC is still to make its move as tempers rise in the Avery camp over the mooted bid. Meantime, Bernard Sunley shows a first-half profit improvement, largely thanks to special items, and Berec is seeking to mop up the minority of its South African subsidiary. Elsewhere, Electronic Machine has struggled out of the red but furniture manufacturer, Harris Lebus, has collapsed into a loss. Ford main dealer, Alexanders, has produced better profits, though it seems to be lagging behind others in the sector.

Freddie Mansfield

Mr. David Donne, chairman of Dalgety, which is today due to announce its interim results.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ariel Industries	0.94‡	April 13	0.84	—	2.11
Harris Lebus	Nil	—	3.27	Nil	3.27
H. T. Investments	4.5	April 18	4	4.5	4
Ladies Pride	1.21	—	1.3*	2.16	1.93*
Manchester Ship	10.88	April 9	9.06	17.38	15.7
Scottish Western Inv.	1.85	April 4	1.6	2.55	2.2
Scot. Western Inv. int.	0.5	—	0.47*	—	1.7*
Westminster Cnty. int.	0.5	April 30	—	—	1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.032 for 1977-78.

Lonrho still seeking UK and U.S. acquisitions

Lonrho's deputy chairman Sir George Bolton yesterday described buying British companies in the present depressed climate—"like taking money out of a blind man's cup." He indicated that Lonrho would be looking for more "blind men" both in the UK "and in the U.S. once the group is through with the Monopolies Commission."

Lonrho unveiled its annual report and accounts at the group's offices in Cheapside yesterday.

In his review to shareholders Mr. Tiny Rowland, the group's executive, says that Lonrho's shareholdings in the House of Fraser and Scottish and Universal Investments (SUITS) "have done well since we acquired them."

"The company's bid for the remaining capital of SUITS was referred to the Monopolies and Mergers Commission in May, and this referral has been extended, because of the quantity of information to be considered. The outcome is still unknown, but we expect a decision by the end of March."

The company indicated at the conference yesterday afternoon that the Monopolies Commission referral had cost the company about £250,000 in time and effort spent.

On the trading front Lonrho reported that the 28 engineering and manufacturing companies in the UK were regrouped during the year. "The engineering and steel industries as a whole have experienced one of the worst recessions in recent UK history . . . but the Lonrho engineering group made a greater profit contribution this year than last, and our two steel divsions continue to make money."

The 182-mile Beira/Umtali Pipeline, built in the early sixties to supply oil to Rhodesia and Zambia remains closed for the thirteenth successive year. "We intend to be fully compensated by Shell, B.P., Total, Clatrax and Mobil for the many millions of pounds of lost revenue. We further intend to seek compensation for the markets irrecoverably lost as a result of the oil companies' actions," Mr. Rowland tells shareholders.

In a sharp attack on the Government over its delay in clearing Lonrho of "sanction busting" Mr. Rowland says "it is deplorable that the Government announcement, which could have been made well over a year ago when the investigation finished was so delayed, and because of the delay we have experienced some political difficulties in Tanzania which we hope to resolve on the basis of the clearance."

On the issue of the Dunford and Elliott profit forecast, which it made and then missed, at the time of the take-over by Lonrho last year, Lonrho said yesterday that the question of legal action "doesn't arise at the moment."

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Dale Electric International, Dalgety, MFI Furniture Centres, Meat Trade Suppliers, Press Tools, Joseph Webb.

Finals: Beaumont Properties, General Consolidated Investment Trust, Nottingham Manufacturing, Shires Investment, Thermal Syndicate, Thomas Witter.

FUTURE DATES

Interims—	
Brown Brothers	Feb. 22
Cableform	Feb. 16
Consolidated Plantations	Feb. 19
Sime Darby	Feb. 19
Finals—	
Anglo African Finance	Feb. 14
Anglo American Coal	Feb. 20
Arcolectric	Feb. 16
De Beers Consolidated Mines	Mar. 6
De Beers Industrial Corpn.	Mar. 6
London and Lomond Inv. Tst.	Feb. 15
Midland Bank	Mar. 9
Rentokil	Mar. 1
Steetley	Mar. 15

Harris Lebus £0.5m loss but sees profits in current year

A LOSS of £495,000 for the year to October 27, 1978 is reported by Harris Lebus, furniture maker, against profits of £302,000 previously — however, the directors look forward to a return to profitability in the current year.

At midway, the group incurred losses of £338,000 compared with a £131,000 profit but a reduced loss was forecast for the second six months.

The directors say the results for the year were seriously affected by the cost of replacing several thousand suites following a fault in one of the group's designs.

	Year 1977-78 £000s	1976-77 £000s
Turnover	15,506	13,742
Trading Loss	375	*339
Interest payable	120	37
Loss	495	*302
Tax	—	36
Extraordinary credit	—	112
Ordinary dividend	—	71
Forward	1,009	1,504

* Profit

Trading loss was £375,000 (£339,000 profit) after charging £55,000 reorganisation and redundancy costs and after crediting £141,000 temporary employment subsidy.

Loss per 25p share is shown as 22.9p, against 12.3p earnings, and there will be no dividend—last year's payment was a single 3.27p.

In fiercely competitive conditions, both margins and market share remained under pressure, the directors say.

Bank facilities arranged last year are adequate for planned requirements.

● comment

Harris Lebus has disappointed the market with the extent of its year-end losses and the decision not to pay a dividend. After stripping out the temporary employment subsidy, the deficit is £0.64m, with perhaps £0.2m of this attributable to the costs of replacing thousands of suites following an upholstery fault. The balance is on the trading account where margins were cut to shreds by intense competition. Industry statistics show that furniture deliveries by value were about a fifth higher during the period but HL's sales only rose by 13 per cent, reflecting some loss in market share. The current year looks like being almost as difficult. In spite of rising retail demand, HL's order books are marginally lower. In addition, the company's borrowings have been steadily rising and now stand at around £0.75m (about 50 per cent of shareholders' funds). There is also no guarantee that the temporary employment subsidy will be continued beyond the end of this month. Nevertheless, HL says that margins have now improved and that it should be in profit this year. The shares dropped 8p to 32p, giving a market value of just £0.69m.

Electronic Machine returns to profit

AS INDICATED in last November's annual report, Electronic Machine Company returned to profitability in the six months to October 31, 1978. On the lower turnover of £862,000 against £1,363,000, there was a turnround from a £122,636 deficit to a pre-tax surplus of £32,593.

There is a tax charge of £16,948 this time, making a net balance of £15,645 (£122,636 loss). Again no interim dividend is payable—the last payment was a single 0.8125p net in respect of 1974-75.

The directors report that the group traded profitably throughout the half year, despite the £15,000 cost of the surplus leasehold now sold, and £28,000 interest cost of the rump overdrafts of Elvin and Panax.

However, the remaining surplus leasehold, the £70,000 cost of which has already been provided in the 1977-78 results up to May, 1979, may affect the current year's results if not sold by that date, they state.

Progress continues towards finalising the value of the Panax stock sold in 1978, and towards settlement of the Inland Revenue investigation into the group's affairs prior to July, 1974.

While the group has moved forward substantially in eliminating losses, reducing borrowings and increasing product-based trading, it still has to overcome these problems, the directors say. However, every effort is being made to ensure their final resolution in the coming months.

For the year ended April 30, 1978, the group incurred a £253,000 pre-tax loss.

● comment

After two years of rationalisation and reconstruction, EMC has turned in a small interim profit. Turnover is well down on last year's first half reflecting the efforts made to cut out the loss-making subcontracting activities and concentrate energies on the potentially lucrative semi-military lens and glass operations. No dividends are likely for at least another year and, with a full-year profit of around £65,000 a possibility, the prospective p/e at 22p is 8.3. It has been a tough struggle for EMC but group overdrafts have been cut from £850,000 to a more manageable £190,000 and it has now reached a basis from which it can establish a definite future. The shadow of surplus leasehold costs still overhang the group and its prospects but the stock is well worth watching over the next six months.

Swan postpones distribution

THE FIRST distribution to shareholders of Swan Hunter Group has been postponed. Shareholders had been expecting a repayment of £23.9m, or around 135p per share following the nationalisation of the shipbuilding interests early last year. This had been due at the beginning of next month but the joint liquidators announced yesterday that they have received notices from certain potential claimants against the group. These include Swan Hunter Shipbuilders.

The size and nature of the claims were unspecified, but the joint liquidators stated that based on the information available to them and the investigations they have made to date, they did not believe that these claims would prove to be material. They regretted, however, that until the claims are more precisely determined there must be a postponement of the making of the announcement as to the amount and timing of the first distribution to shareholders.

A further announcement is expected next week.

£1.99m for Manchester Ship Canal

PRE-TAX profits of the Manchester Ship Canal Company amounted to £1.99m for 1978, compared with a restated £1.96m last time and a published figure of £2.12m.

When reporting first-half profits up from £1.22m to £1.8m, the directors said some industrial problems had begun in the second quarter but they hoped these would soon be resolved.

The previous year's results have been restated to comply with SSAP 12, with the company now depreciating the original cost of canal construction and capital dredging.

Operating revenue rose from £23.34m to £24.49m. After reduced tax of £0.97m against £1.05m net profits were £1.02m (£0.91m restated and £1.07m published).

Earnings per £1 share are shown at 23.4p compared with 20.4p restated or 24.6p published. A final dividend of 10.88p net lifts the total from 15.701p to 17.38p.

General reserve including retained profits at December 31, 1978, stood at £8.95m (£8.81m restated and £10.22m published).

	1978 £000	1977 Publshd. £000	1977 †Restd. £000
Op. revenue	24,486	23,340	23,340
Op. profit	1,734	1,687	1,429
Loan and inv. income	933	1,172	1,172
Lnd. sales surplus	16	61	61
Int. charges	692	700	700
Profit bef. tax	1,991	2,120	1,962
Tax	970	1,054	1,054
Net profit	1,022	1,066	908
Loan capital	83	59	59
Pref. divs.	140	140	140
Ordinary divs.	658	589	589
Retained	140	278	120

† To comply with SSAP 12.

ALEXANDERS DISCOUNT

At January 5, 1978, holders of the preference capital of Alexanders Discount Company included Miss Gladys Wrigley with 17.1 per cent, London and Manchester Assurance, 14.5 per cent and Commercial Union Assurance, 11.3 per cent.

In yesterday's report, the word "preference" was omitted.

Alexanders Hldgs. expands to record £0.56m and going well

A JUMP in pre-tax profits from £301,803 to a record £560,841 in the year to September 30, 1978, is reported by Alexanders Holdings, Scotland's largest Ford main dealer. Turnover increased by £4.8m to £28.36m.

With sales of new cars continuing well and despite the leeway caused by the Ford strike, the directors view the prospects for the current year with confidence, subject to reasonable industrial stability being achieved.

In accordance with policy a one-for-four scrip issue is proposed.

In 1977-78 the company's contract hire division expanded rapidly and will continue to grow in the foreseeable future.

The Scottish dealerships continue to trade at record levels and the Northampton dealership is contributing increasingly to profits. The new heavy commercial vehicle workshop in South Gyle is due to be completed shortly.

Since the year-end, the company has sold and is selling properties surplus to requirements which are expected to raise over £450,000.

Stated earnings for 1977-78 are 1.65p (0.63p) on increased issue capital.

Tax takes £291,159 (£190,534) and extraordinary debits total £89,448 (£27,094), after which profits are £180,234 (£84,175).

At half-way, pre-tax profits were £239,000 (£46,500) on turnover of £13.7m (£10.6m).

● comment

Cut loose from the loss making Dutch subsidiary and its unsuccessful Huddersfield operation, Alexanders has increased taxable profits by 86 per cent on turnover a fifth higher. Ford dealerships all did extremely well throughout most of 1978 and new Ford registrations were more than a third higher in the six months to September. This does not, of course, compare directly with Alexanders's overall sales advance of 13 per cent in the second half but it does suggest that the company's underlying performance has been below others in the sector. Margins have improved by more than half a point to 2 per cent but that is still roughly half the average. Elsewhere, the contract hire side has doubled its fleet, though because of group accounting policy the profits from this expansion will not show through for a year or so. Once again shareholders receive a bonus issue instead of a dividend which may please high rate taxpayers if not the institutions. Borrowings have been substantially reduced through they still amount to roughly two and a half times shareholders' funds. Meanwhile, the Ford strike has taken its toll and first half figures for the current year will apparently be lower than last year. At 17½p the shares stand on a P/E of 10.6.

Horne Bros. below target

IN TERMS of profit, the current year at Horne Brothers has started at a level below target, Mr. R. J. Horne, the chairman, tells members.

Nonetheless, he says, the directors look forward to another year of steady development and to maintaining a relatively high level of capital investment.

As reported on January 29, pre-tax profits for the year ended September 9, 1978, were £832,377 compared with £1.1m.

Ladies Pride holds £1m

THERE WAS no repeat of the windfall profits arising from currency gains and property sales seen in the previous year for Ladies Pride Outerwear in the 12 months to November 30, 1978. As a result the clothing manufacturer finished 1977-78 with taxable profit maintained at £1,009,000, against £1,020,000.

The directors say the check to progress was entirely due to the absence of the windfall profits which last time included a £65,000 exceptional currency gain.

Halfway through 1977-78, when the surplus was ahead from £411,210 to £451,197, the directors said that the steady growth in sales had continued into the autumn season and all factories were working to capacity. By full time, sales were up £0.6m at £6.44m, with the export content better at £1.53m compared with £1.42m.

Tax of £533,000 (£530,000) left a net balance for the year of £476,000 (£490,000) for earnings per 20p share lower at 8.52p (8.79p) on capital increased by a one-for-five scrip issue. The net total dividend is effectively raised to 2.159p (1.933p) by a final of 1.209p.

New fund from Stenhouse Reed Shaw

Stenhouse Reed Shaw has extended its pension service to clients by launching a new exempt fund—the Stenhouse Gilt Fund. This fund, which will be managed by Clive Investments, has been launched to meet the needs of clients which need a specialised gilt fund to cover the guaranteed minimum pension requirements for members who have left the pension scheme.

The fund joins the successful Stenhouse Exempt Fund, which has been in operation for eight year. Managed by Ivory and Sime, the fund has assets approaching £30m and is still regarded as the main investment fund for clients. This fund is currently invested mainly in international equities and has shown a rise of 15.8 per cent over the past 12 months.

This new gilt fund has already attracted the interest of some of Stenhouse's clients. The managers expect that a sum of £5m will be invested in a fairly short time. The initial intention of the managers is to remain liquid, since they consider that interest rates will rise still further. The fund is unusual in that there are no front end loadings, just an annual charge of ⅜ per cent—⅛ of a point above the normal annual charge with a front end loading.

Stenhouse has also formed a separate trust company to act as pensioneer trustee for in house executive pension schemes. Under Inland Revenue practice, such "small schemes" have to have an independent trustee known as the pensioneer trustee approved by the Revenue. Stenhouse is a leader in this field with its TOPEX plan with individual directors as pensioneer trustee. Now it has formalised the situation by arranging for corporate trustee status.

February 13, 1979

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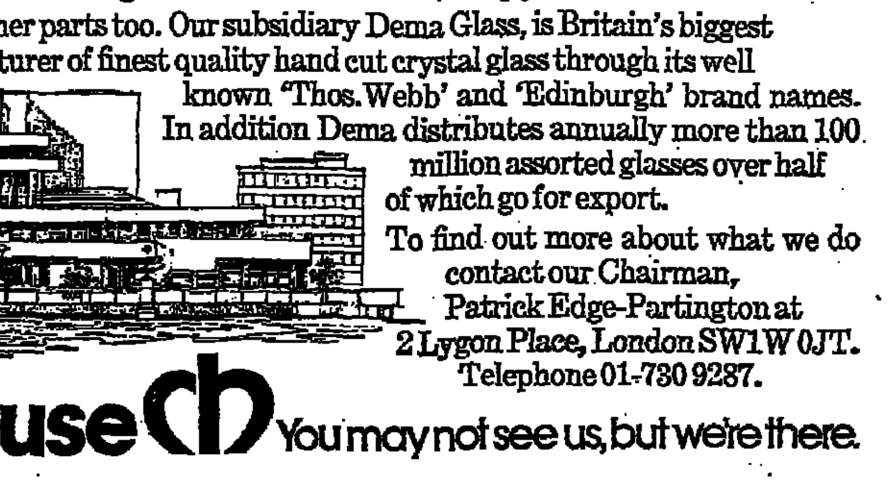
Crown House has a lot going on behind the scenes at the National Theatre.



London's famous new theatre on the South Bank is one of many outstanding recent developments where the engineering services – electrical and mechanical – have been installed by Crown House Engineering.

Some others where either electrical or mechanical services have been or are being installed, are the new NatWest Tower now rising in the City, the Brent Cross Shopping Centre, and St. Thomas's Hospital.

CHE are winning more and more contracts, not only in Britain but in the Middle East, Africa and Australia.

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Higher copper prices spur Peko-Wallsend

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S mining and industrial group, Peko-Wallsend is planning to open its Tennant Creek copper smelter, re-start copper operations at its Warrego mine, and bring its Gecko copper project into production because of the rising prices for copper, reports our Sydney correspondent

The developments were indicated with yesterday's announcement of a 12 per cent rise in profit for the half-year to December 31 to A$11.3m (£6.4m) from A$10.1m, which was only achieved because of a tax credit for exempt mining income.

The Tennant Creek flash smelter was shut down four years ago because of declining copper prices, soaring costs and technical problems. The smelter, which cost A$20m was only one year old when closed.

Referring to a re-opening, the directors said a decision on re-commissioning was imminent and only awaited final assessment of technical studies and market predictions. The smelter, which would take two years to open, is expected to treat concentrates from the Warrego mine, which were previously sent to Mount Morgan, and from the new Gecko mine.

At Gecko, which has never been mined but has been under development for more than four years, an additional zone containing an indicated 1m tonnes of ore at a grade 4 per cent copper had been discovered and steps were being taken to define the orebody prior to an early development programme. Drilling suggested potential for the discovery of further orebodies.

If the projects come to fruition, Peko would spend between A$30m and A$40m on its copper operations.

The expansionary drive follows an increase in the average Australian copper price received in the latest half year, from A$1.010 per tonne to A$1,352 a tonne. The price has since risen to near A$1,700.

Referring to the Ranger uranium project, in which Peko is a partner with EZ Industries, the directors said that they believed sales contracts would be concluded in the near future.

Work in the Northern Territory for uranium continued to be hampered by land tenure considerations, but a large group of outstanding tenure applications were granted in July-August 1978 and work was progressing.

Peko, which has proposed a A$58m merger with the scrap metal group, Sims Consolidated, is to pay a steady interim dividend of 7.5 cents (4.3p) a share. The shares were 5p up at 475p in London yesterday.

ROUND-UP

Dampier Mining, a unit of Australia's Broken Hill Proprietary, has entered into another diamond exploration farm-out deal. It is with Samantha Exploration and Metals Exploration and covers 103 claims in the Noonkanbah area of Western Australia's Kimberley region. Dampier has the option to earn a stake of 60 per cent in the claims. Last month a similar deal was announced between Dampier and the Carr Boyd Minerals group.

* * *

Uranium Canada has signed an agreement granting Ontario Hydro the right to borrow in 1979 up to 800 tonnes of uranium from the Federal Government's stockpile, it is reported. If the full amount is borrowed for the full period the loan will cost Ontario Hydro an estimated C$ 50m (£21m).

The utility is short of uranium because of high capacity use of reactors at its Pickering and Bruce nuclear power stations. The fuel will be repaid in kind—up to 300 tonnes by end-1983 and up to 500 tonnes by end-1984.

* * *

America's Freeport Minerals has declared a regular quarterly dividend of 40 cents per share. The dividend, which is the 209th consecutive quarterly payment on the common stock, is payable March 1, 1979, to stockholders of record February 15, 1979.

Denison sees a tripled profit in three years

CANADA'S vigorous natural resource group with a major stake in uranium, Denison Mines, expects to triple its profits within the next three years. Earnings amounted to a record C$56m (£24.3m), or C$12.78 per share in 1978.

This forecast of a fresh advance in earnings was made by Mr. Stephen Roman, the chairman, at the Toronto meeting which approved the previously announced four-for-one stock split. He said: "There is no company in Canada at the present time with as many good things on the platter as we have."

It is intended to pay quarterly dividends of 25 cents (10.5p) from next month onwards on the increased number of no par value shares (18.27m). Mr. Roman pointed out that this would raise the annual rate to the equivalent on the old pre-split capital of C$4 per share, an increase of C$1.60 over the 1978 rate. Last year there was also an extra tax-deferred payment of C$5.

Mr. Cliff Frame, vice-president Mining Operations, said after the meeting that the company's bargaining committee, representing 1,250 of its workers had accepted a new company offer. The proposal will be put to the full union membership for a vote early next week.

Mr. Frame said he could not disclose details of the new offer but said that it gives the workers parity with those in similar industries. Major shareholders in Denison are Roman Corporation (33.8 per cent) and Dome Mines (10.1 per cent).

AMPOL SEEKING CONTROL OF NABARLEK?

Ampol Petroleum is being tipped to make a bid to gain control of Queensland Mines' Nabarlek uranium project in Australia's Northern Territory, reports James Forth from Sydney. Ampol is believed to have purchased the 8.12 per cent equity in Kathleen Investments held by the Australian Industry Development Corporation.

Apart from mineral sands interests, Kathleen holds a 50 per cent equity in Queensland Mines which discovered Nabarlek.

Ampol recently sold out of an equity investment in coal group, R. W. Miller, for A$24.4m (£13.9m) but it was stated then that the company was interested in energy resources, including uranium.

Kathleen shares have moved up strongly in recent days on speculation of a bid and closed yesterday in Sydney at A$3.45. At this price a bid for Kathleen would be worth about A$42m. It is suggested that if Ampol makes a bid it may join with another group, such as one of the Australian life offices.

CANADA TUNGSTEN RECORD PROFIT

Net income of Canada Tungsten Mining, which operates at Flat River in the North-west Territories, rose to a record C$20.2m (£8.47m), or C$4.05 per share, in 1978 from C$16.1m in the previous year, reports John Soganich from Toronto.

The company, owned 65 per cent by Amax and 20 per cent by Dome Mines, increased its production to a record 317,000 short ton units of tungsten, up from 299,000 short ton units. The two-year programme to expand capacity of the mill to 1,000 tons per day from 600 tons is reported on schedule for July completion.

Cominco's Pine Point Mines reports unaudited net earnings for 1978 of C$16.3m, or C$3.60 per share compared with C$9.4m. Sales were C$85.5m compared with C$74.8m in 1977.

Mr. R. P. Douglas, president and chief executive officer, says that the demand for lead concentrate was strong throughout the year with both price and sales greater than in 1977. Sales of zinc concentrate were higher than last year but at lower average prices. During the last few months, prices for lead and zinc increased substantially and had a significant effect on fourth quarter earnings.

Canadian iron ore shipments totalled 5.42m tons in December, up 13.4 per cent from those of December 1977. Shipments for 1978, however, amounted to 47.3m tons, a fall of 19.9 per cent from 59.1m tons in 1977. The 1978 decline resulted from strikes at iron mines in Quebec and Labrador.

Berec offers £5½m for South African minority

IN A R9.4m (£5.5m) bid, Eveready South Africa's 35.6 per cent minority shareholders are being offered 300c a share for their investments by Berec Group, the ultimate holding company.

The rationale behind the bid for the R30m turnover South African operation according to the official announcement is that increasing technological demands of the electronics industry may result in a conflict of interests between the minorities and Berec over investment and dividend policy.

As and when the recommendations of the De Kock commission to reform South African currency controls are implemented, Eveready will be freed from the previous local borrowing restrictions placed on foreign controlled companies.

But though Eveready may well resort to local borrowing to finance expansion programmes over the next few years, being freed of dividend responsibilities to minorities will mean that the company could limit eventual debt gearing through maximum earnings retentions.

Aiming for total control by a UK parent goes against recent trends by other British parent companies which have concentrated on reducing their direct interests in South Africa.

With relaxation of restrictions on local borrowings, the UK parent could if it wished finance South African operations by increasingly heavy debt while remitting heavy dividends overseas.

At the same time, with no outside holders Eveready could adopt a lower profile on its South African labour relations. Late last year, Eveready's Port Elizabeth plant was hit by a dispute by non-white workers over union recognition. The acrimonious dispute triggered calls for Africans to boycott Eveready's products.

G. WHITEHOUSE—CENTREWAY

Shares in George Whitehouse (Engineering) and Centreway Trust were re-quoted yesterday as the two closely linked groups revealed details of a proposed significant exchange of assets.

As known, Centreway agreed to pay £910,000 in cash for George Whitehouse's vehicle distribution subsidiary after a merger had been called off for "technical reasons." The price represents a near 50 per cent premium over net tangible assets.

Whitehouse intends to use half the consideration to reduce medium term borrowings and trading overdrafts. Left with a die casting and cold rolled section manufacturing rump, the group will be backed by assets of £1.32m on or 178p against 149p per share.

A pro forma profit and loss account adjusted for the effects of the sale, annual rents on the properties purchased last June and the earnings attributable to the 21.4 per cent stake in Centreway, reveals pre-tax profits from Whitehouse of £330,000 for the year to July last against £222,000 in the last published accounts.

Frozen at 115p, Whitehouse returned to the market at 127p while Centreway came back at 15p above the suspension price of 280p.

Gestetner in U.S. deal

GESTETNER, the office equipment company best known for its duplicating machines, has bought an 18 per cent share in a U.S. electronics company it was announced yesterday.

The purchase represents an attempt by Gestetner to increase the flow of electronics technology into its mainly electro-mechanical product lines.

Gestetner has paid $8.2m for the holding the company called Scope which has an annual turnover of about $60m in a variety of electronic products.

One of its main lines is in weighing machines for industrial and retail applications.

Gestetner is hoping the purchase may lead to some joint agreement between the companies, although Mr. David Gestetner, joint chairman, was not able to give any details yesterday. He said it was a strategic investment in a company which has tremendous expertise in applying modern electronics.

BMIT BUYS MORE DAVID DIXON

Birmingham and Midland Counties Trust has acquired a further 10,000 ordinary shares in David Dixon and Son (Holdings), the woollen cloth and hosiery maker. This gives a total holding of 510,000 shares (28.07 per cent). BMIT, the private company owned by Mr. Graham Ferguson Lacey and Mr. Cecil McBride, has been steadily increasing its stake over the past few months, but only long-term investment is said to be the aim.

UTD. BISCUITS ACQUIRES B. FOX

United Biscuits (Holdings) has acquired the capital of B. Fox, food importers, for £90,000—103,896 ordinary shares and £10,000 cash.

Mr. Leslie Fox will continue as managing director of Fox with the intention of integrating the business with that of Lloyd Rakusen which was acquired by UB in November 1976. Mr. Fox has been appointed managing director of Lloyd Rakusen.

OIL EXPLORATION

On February 6 a company in which Mr. Robert E. Fox, managing director of Oil Exploration (Holdings), is beneficially interested sold 135,000 shares.

The sale was made to meet financial commitments and it is the present intention to retain as an investment the balance of the holding in Oil Exploration in which he is beneficially interested and which amounts to 142,500 shares.

ALLIED CITY SHARE TRUST/BIT

The directors of Allied City Share Trust state that the procedure for the proposed merger between the company and Birmingham Industrial Trust has now been started. The merger was first mooted in mid 1977.

CALEDONIAN—COMET RADIO

Comet Radiovision Services was last night still refusing to make clear its intentions with regard to Caledonian Holdings, in which it has acquired a 15.13 per cent stake.

Comet acquired a 9 per cent stake early last week but then began buying in the market at prices it stated yesterday were not lower than 97p and not higher than 101½p. Last night Caledonian's shares closed 2p higher at 109p, compared with the offer-for-sale price of 65p last month.

Caledonian is the subject of an 80p cash offer, with a share alternative, from London and Midland Industrials. There are said to be several other approaches.

FIH/PEERAGE UNCONDITIONAL

FERGUSON INDUSTRIAL HOLDINGS now holds or has received acceptance on 97.6 per cent of the ordinary and deferred share capital of Peerage of Birmingham and has declared its offers unconditional.

The takeover is not to be referred to Monopolies and Merger Commission and dealings in the new FIH shares are expected to begin on February 13.

At an extraordinary general meeting shareholders of Peerage approved a resolution reorganising their company's share capital.

ALLIED PLANT

Allied Plant Group announces that at today's EGM all the resolutions appertaining to the acquisition of Edmond (Builders) and the related issue of ordinary and preference shares were passed.

Brammer expands in U.S.

H. Brammer has paid $2.88m (around £1.44m) for the spindle manufacturing business of Pope Machinery Corporation, Massachusetts. Brammer, which distributes power transmission products, has successfully built up a spindle sales and reconditioning service as an adjunct to its bearings activities to the point where spindle turnover is approaching £1m.

Brammer is committing $1.8m of its own resources toward the acquisition and has borrowed a further $600,000 in Britain. The balance has been made up by a $3m loan facility in the U.S. which will also provide scope for future expansion of the business.

The acquisition is seen as a springboard for further purchases in the U.S. Mr. Pope, the founder and chairman, has agreed to act as a consultant to the new subsidiary for five years at an annual fee of $50,000.

Debtors, creditors and non-trading assets were excluded from the deal but the assets acquired earned $520,000 (£260,000) before tax and interest in the year ended May 31 last. Brammer increased its pre-tax profits from £2m to £2.53m in the first half of 1978 and the chairman, Mr. John Read, anticipated further growth in the second half.

MOSS IN TWO EUROPEAN DEALS

Moss Engineering has signed two trading developments which Mr. Ernest Cars, chairman, claims will significantly enhance current prospects.

Moss is currently the subject of a contested takeover bid from GEI International. The detailed defence document is due to be circulated later this week.

The first development is a manufacturing and marketing agreement with the leading Belgium screw pump company, R. Vandezande of Diksmuide.

Moss group's newly-created subsidiary, Wallwin Pumps (Accrington), has reached agreement with Vandezande to manufacture at Accrington, archimedean screw pumps for liquids, including sewage and drainage water.

The second development is an exclusive trading agreement with Antico Olindo SRL, the Milan manufacturers of surface aerators and mechanical mixing equipment.

Moss Group subsidiary William E. Farrer, a specialist in sewage treatment machinery design, manufacture and installation, have negotiated selling and distribution rights to the full range of Antico equipment and a manufacturing option for mixing equipment.

SHARE STAKES

British Printing Corporation:—London and Manchester Assurance Company has increased its holding of 4.2 per cent "A" preference shares to 12,000 (8 per cent).

Scottish Homes Investment Company: Molins Pension Trust bought 300,000 shares on January 24. Total holding 400,000 shares. London and Lennox Investment Trust has bought 25,000 shares. Total holding 600,000 shares (5.57 per cent).

GR (Holdings): Border and Southern Stockholders Trust holds 214,000 shares (5.177 per cent).

William Boulton Group: Following the recent rights issue, directors' holdings are as follows. Mr. D. Fahey 205,105 shares, Mr. E. Oakden 62,605, Mr. J. R. Ryder 196,620 and Mr. A. P. Wright 56,306.

Milford Docks Company: Scan-oil is beneficial owner of 48,500 shares (6.2 per cent).

Bridgend Processes: Mrs. L. E. Aaronson, wife of Mr. G. R. Aaronson, has disposed of 555,265 shares.

H. Samuel: Mr. Anthony S. Edgar has increased his holding to 1,531,994, 22.36 per cent.

Chaddesley Investments: Following their appointment to the Board, Lord Chalmer and Mr. J. A. Ferguson now hold 1,925 and 10,000 ordinary shares respectively.

Unicorn Industries: Mr. B. G. Ball-Green, director, on October 31 sold 21,450 shares.

Assam-Dooars Holdings: Lawrie Plantation Holdings has bought 20,000 shares and holds 458,052 ordinary shares (44.8 per cent) and 41,400 preference shares (27.79 per cent).

Walter Duncan and Goodricke—Imperial Group is interested in 70,250 shares (5.62 per cent). Also interested in this holding are ITC Pension Trust jointly with ITC Pension Investments.

Chloride Group—On February 7 Sir Alastair Pilkington, director, bought 2,140 shares at 90p.

Allied City Share Trust—Major A. A. Greenwood has sold 15,000 shares reducing his holding to 3.09 per cent.

United Spring and Steel Group—M. B. Westwood, director, has sold 40,000 shares at 27p.

Corn Exchange Co.—London Trust Co. now holds 200,000 ordinary shares (7.19 per cent).

Trust Houses Forte — J. S. Hollingshead, director, has sold 24,700 shares held as a member of the group share purchase scheme.

Usher-Walker — BTR states that recent purchases added to existing investment, which originated in 1972, have taken its holding to 147,000 shares (6.9 per cent).

F. S. Ratcliffe Industries — on February 6, West Bromwich Spring Co. bought further shares making holding 47,000 (more than 5 per cent).

Mining Supplies — Mr. A. Snipe sold 150,000 ordinary shares on February 9. At the last balance sheet date, Mr. Snipe, the chairman and managing director, held 5m shares.

Bullough — B. P. Jenks, chairman has sold 20,000 shares.

CITY HOTELS

City Hotels Group announces that a special resolution proposed at an EGM to reorganise the share capital has been approved. Accordingly, all the conditions of the offer for City Hotels by Comfort Hotels International Ltd. have now been satisfied.

ASSOCIATE DEALS

W. I. Carr Sons and Company on February 9 bought on behalf of Gresham Trust, adviser to Crown House, 15,000 Best and May shares at 82½p.

Smith, Keen Cutler, on February 9 purchased on behalf of Central Manufacturing and Trading Group 7,000 G. R. Francis Group ordinary shares at 66½p.

Smith, Keen, Cutler, as brokers to Central Manufacturing and Trading Group and G. R. Francis Group, on February 8 bought on behalf of CMT 15,000 Francis shares at 66½p.

Smith Keen Cutler, brokers to Central Manufacturing and Trading and G. R. Francis Group, on Friday bought on behalf of CMT 15,000 Francis at 66½p.

HOMFRAY

Homfray and Co. is to sell its subsidiary British Furtex to Mr. J. W. Lawrence the present managing director of the company. Net assets of British Furtex amount to less than 5 per cent of total net assets of the Homfray Group. British Furtex manufactures upholstery fabrics.

HOGG ROBINSON

Hogg Robinson Group announces that Richards, Melling Inc., of Montreal, Ottawa and Toronto, its Canadian associate, has acquired Hugh and McKinnon of British Columbia.

Hugh and McKinnon is one of the principal insurance brokers in British Columbia and has branches in Vancouver, White Rock and Langley and will further extend the locations serviced by Richards, Melling Inc. across Canada.

Holt Lloyd in France Fabrics inquiry

Holt Lloyd International, the manufacturer of car-care products, has entered into an agreement to acquire 62 per cent of the French company Pro-Combur. The maximum consideration is £863,000, of which up to £645,000 will be in cash and the remainder in minority shares in certain H.L.I. European subsidiaries.

Pro-Combur, which operates from Paris and Breuil-le-sec, manufactures and markets engine-care and car-care products.

Mr. Tom Heywood, chairman of Holt Lloyd, said the merger will accelerate H.L.I.'s development programme by the creation of much stronger marketing operations in the major European markets and by the availability of a modern manufacturing unit in France.

Mr. T. Heywood, Mr. P. Hannam and Mr. C. R. Hunt, directors of H. L. L., will join the board of Pro-Combur.

The agreements, which provide for completion by the end of February, 1979, have received approval from the French and UK authorities. H.L.I. has been advised in this transaction by the Compagnie Europeenne pour le Developpement Industriel et Financier (C.E.D.I.F.) of Brussels.

SEDGWICK FORBES

Further details of the rights issue by Midland Bank of 31.38 per cent of the enlarged capital of Sedgwick Forbes Holdings are expected to be available today when the relevant documents are likely to be posted. The rights issue has been underwritten.

The directors of Sedgwick Forbes say that, following the approval of shareholders at yesterday's extraordinary general meeting of the necessary increase in capital, the merger of the company and Bland Payne Holdings has been completed.

The change of name and the proposed scrip issue will be considered at a further EGM today.

EMC

INTERIM RESULTS

Unaudited results	Six months to 31 Oct. 78	Six months to 31 Oct. 77
Group turnover	£852,000	£1,363,000
Group profit (loss) before taxation	32,593	(122,836)
Estimated taxation	(16,948)	—
Dividends	—	—
Profit (loss) after all charges including taxation	£15,645	£(122,836)

The Group continued to trade profitably throughout the first half of the year, despite the cost of the surplus leasehold now sold (£15,000), and the interest cost of the rump overdrafts of Elvin and Panax (£28,000). However, the remaining surplus leasehold, the cost of which has already been provided in the 1977/78 results up to May 1979 (£70,000) may affect the current year's results if not sold by that date. Progress continues towards finalising the value of the Panax stock sold in 1978, and towards settlement of the Inland Revenue investigation into the affairs of the Group prior to July 1974.

While the Group has moved forward substantially in eliminating losses, reducing borrowings and increasing product based trading, we still have to overcome these problems but every effort is being made to ensure their final resolution in the coming months.

ELECTRONIC MACHINE COMPANY LIMITED

Blundell-Permoglaze expansion plans

Enlargement of production facilities in the Irish Republic and a sales push in Scotland are planned by Blundell-Permoglaze Holdings for the current year says Mr. N. G. Bassett Smith, the chairman.

Overseas the group is finding further opportunities to licence the manufacture of its products and these developments are making a useful contribution to the export divisions results he says. Last year exports exceeded expectations by rising from £1.77m to £2.09m on higher volume.

Considerable progress was made in Ireland during 1977-78—the second year of the group's involvement in manufacture in Dublin—and negotiations are almost complete for the purchase of the remaining 30 per cent stake held by the Dublin company's original French owners.

The group's liquidity was strengthened during the 12 months by the sale of the site at Beverley Road, Hull, for £0.35m and disposal of the remaining holding in Blundell Eomite Paints of Bombay for which the capital payment and outstanding dividends have now been received in London.

Higher liquidity enabled the company to repay a further £500,000, on top of the first annual payment of £125,000, against the £1m loan of Finance Corporation for Industry and to meet £426,000 capital spending from its own resources.

At year end liquidity was up £484,000 (down £211,000) with a £140,000 bank overdraft eliminated and cash and deposits up from £415,000 to £762,000.

Muar River higher at eight months

The directors of the Muar River Rubber Company estimate taxable profit for the eight months to end-November, 1978, at £663,000, compared with £631,000 in the same period of the previous year.

They say the present price of cocoa is lower than during the reported eight months, while the rubber price is approximately the same as the average for that period.

For the year ended March 31, 1978, pre-tax profits were £624,562 (£797,578).

Increase for Scottish Western Inv.

Profits for 1978 of the Scottish Western Investment Co. increased from 1,939,312 to 2,477,552, subject to tax of 1,053,513 against 760,078.

A one-for-two scrip issue to ordinary and "B" ordinary holders is proposed. From stated earnings of 2.7p (2.24p), the net dividend total is lifted from 2.2p to 2.55p per 25p share with a 1.85p final.

On the increased capital, an interim dividend of 0.5p (adjusted 0.467p) is recommended in respect of the current year.

"B" ordinary holders will receive scrip issue in a "B" shares equivalent in net asset value to the recommended final and current year interim, but excluding any tax credit thereon.

Net asset value at year-end is shown at 126.8p (110.6p) per share.

Caledonian Trust ahead at halfway

Profits before tax of Caledonian Trust Company advanced from £570,885 to £738,264 in the six months to December 31, 1978.

Stated ernings are estimated 2.05p (1.59p) for the full year. As already announced, the net interim dividend is lifted from 0.6p to 0.7p last year's total payment was 1.85p on pre-tax profits of £1.21m.

The net asset value is 105.5p compared with 110.6p at the year-end. Tax takes £326,855 (£334,247).

RAEBURN INVESTMENT

Raeburn Investment Trust reports that since November 30, 1978, it has purchased for cancellation £673,901 nominal of its convertible unsecured loan stock leaving in issue £517,641 nominal.

Earnings standstill at Osborn S.A.

Virtually unchanged annualised earnings are announced by Samuel Osborn, the South African engineering and building equipment maker, for the 15-month trading period to December 31, 1978.

The 66 per cent-owned subsidiary of UK parent Samuel Osborn reports R35.7m turnover (year to September 30, 1977, R22.8m) for attributable earnings of R2.02m (R1.6m). The narrower trading margin arises from increasingly difficult trading conditions in the depressed local building construction industry. In addition, in 1977 some 25 per cent of the South African company's profits derived from Rhodesia. This percentage has probably declined since then.

However the immediate future is not perhaps as bleak as the latest results indicate. The UK parent is selling its stake in the South African company to the unquoted but public engineering group Haggie Rand. South This is the first major disposal since Osborn was acquired by Aurora Holdings.

INTERIM STATEMENT

THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED

HALF YEARLY REPORT AND ANNOUNCEMENT OF INTERIM DIVIDEND

C.B.C. Group announces Consolidated Profit (unaudited) for the six months amounts to $11,479,000 compared with a profit of $1,227,000 in the corresponding period of the previous year.

The Directors have declared an interim ordinary dividend of 7.5 cents per share (up from 6.5 cents per share in the corresponding period last year) in respect of the half year ended 31st December, 1978, on the issued ordinary capital of the Bank. The dividend is payable on the 9th March, 1979. Completed transfers received by the Company up to 3.00 pm on the 19th February, 1979 will be registered before entitlements to the dividend are determined at the end of the reporting period.

The Board is pleased to announce a substantial increase in profit for the six months to the 31st December, 1978 and expect the result for the full financial year to be materially up on the previous year.

The Banking Group profit increased by 96.9 per cent from $5,524,000 to $10,878,000. This improvement was due to a number of factors including increased revenue from a better structure of assets, a continuing close control of costs, improved systems for clearance of cheques and a lower average level of statutory reserve deposits with the Reserve Bank.

The Commercial and General Acceptance Limited (CAGA) made a profit of $738,000 (C.B.C. share $601,000) for the half year and it is expected that profitability will show further improvement in the remainder of the year. C.B.C. ownership of CAGA at 31st December, 1977 and 1978 was 81.486 per cent. As advised previously it has been agreed that C.B.C. ownership will be reduced to 77.91 per cent following the approval of Australian and United States Authorities for the Bank of America, New York to take up its proportional share of the $11,600,000 additional capital in CAGA subscribed by C.B.C. on the 27th October, 1977.

Dividend Warrants will be posted to Shareholders as soon as possible after 9th March, 1979.

By Order of the Chief Board
J. E. Searle
Chief Manager, London

5th February, 1979

epic Estates Property Investment Company Limited

Interim Report for the six months ended 31st October, 1978

	6 months to 31st October 1978 (unaudited) £'000	6 months to 31st October 1977 (unaudited) £'000	Year to 30th April 1978 (actual) £'000
Gross rents receivable	1,352	1,113	2,425
Net property income	1,154	922	2,006
Interest charges	469	380	871
Income from completed properties before taxation	685	542	1,135
Taxation	206	196	343
Income from completed properties after taxation	479	346	792
Interest (net) arising in the United Kingdom attributable to the Belgian development	132	179	268
GROUP SURPLUS AVAILABLE FOR DISTRIBUTION	347	167	524
Cost of dividend	220	146	346
Amount per share	(1.5p)	(1p)	(2.359p)

Notes:

1. Interest for the six months to 31st October 1978 attributable to properties in course of development, amounting to £67,000 (1977—£24,000) has been excluded from the above figures and will be charged to reserves.
2. Owing to further unforeseen delays in Belgian official administrative processes receipt of the final document necessary for the completion of the Brussels deal is still awaited but is expected from day to day.
3. In paying an interim dividend of 1.50p the Directors have every confidence that despite the incidence of much higher short-term interest rates in the second half of the Company's year a final dividend of at least the same amount can be anticipated. The interim dividend will be paid on 4th April, 1979 to holders of ordinary shares registered at the close of business on 9th March, 1979.

W. H. STENTIFORD & CO.
Secretaries

9th February, 1979

U.S. METALS COMPANIES

An industry still beset by doubts

BY DAVID LASCELLES IN NEW YORK

WITH METALS prices surging around the world, the shares of U.S. metals companies have recently become *something of a glamour stock* on Wall Street.

Two companies, Engelhard Minerals and Metals, and Phelps Dodge, have just hit new highs for the past 52 weeks, and most of the others are trading close to their year's best.

In the last few days, Asarco, Kennecott, Engelhard and Continental Copper have all figured *among the most* active or fastest rising stocks.

In fact, the hectic trading on world metals markets during the first week of February coincided with the release by many large metals companies of their 1978 earnings, and, predictably, these showed strong gains in the last quarter.

Among the leaders was Amax, whose net income more than doubled to $61m, bringing its year-end earnings to $160m, 35 per cent up on 1977. Phelps Dodge, the country's second largest copper producer, registered a 20 per cent rise in earnings during the past quarter, pushing its total 1978 earnings up by 68 per cent to $30.1m.

Several other companies reported a strong last quarter, but ended the year down on 1977 owing to the tardiness of the rally, which only began to boost earnings after mid-year.

St. Joe Minerals, for example, increased its last quarter earnings by 50 per cent to $22m, but was down over $23m on the year to $44m.

Similarly, Anaconda, the Atlantic-Richfield subsidiary, increased its fourth quarter net *from $15m to $19m, but* reported year-end earnings of $77m, against $88m.

The notable absentee *among* the big profit-makers was Kennecott, the largest copper producer, whose well-known corporate problems kept earnings down to single million figures. *Full year earnings were* $6.3m, down from $11.7m, but even here there was a spurt in the last quarter—from $0.3m to $5m.

Mr. Thomas Barrow, the company's new chief executive officer, who negotiated a truce in the long and wearying proxy fight with Curtiss-Wright, said he was hopeful that improving trends would last into 1979 on the basis of strong demand and better copper prices.

But despite this apparent turnaround in metals, few observers believe the industry has yet got back on to a sound, long-term footing.

For a start, the 1978 improvement came from a low base.

Kennecott reported that its average price for copper was 63.3 cents a pound, which was actually near a cent lower than the year before. By the time increased costs are included, it is no surprise that the company earned less in 1978 than in 1977.

It is true that the recent surge in prices that pushed copper on U.S. markets to 85 cents a pound—up ten cents in less than a month—will aid the industry back into the black.

However, the metals producers claim that their return on capital is still among the *lowest in industry, and that* copper prices have some way to go before it will become economical to open up new sources of supply.

At a recent analysts' meeting, Mr. George Munroe, the chairman of Phelps Dodge, pointed out that as long ago as 1974, the average domestic copper price was 77.3 cents a pound, a level only achieved again during the latest spurt. Meanwhile, the effects of inflation reduced last year's average price to 46 cents a pound in terms of 1974 prices.

Mr. Munroe went on to say that it was generally held that copper would have to sell for over $1 a pound to justify major new mine developments. Phelps Dodge itself earned a return of only 1.9 per cent on shareholders' equity in 1977.

To bring this *return up to the* average 13.5 per cent of the Fortune 500, through an *improvement in the copper price* alone, would require a price of 90 cents a pound, he said.

Another uncertainty is the strength of the metals rally itself.

Although the huge stocks overhanging the market have now been reduced somewhat, there have been no major factors to adequately explain the extraordinary surge in metals prices of recent weeks. Analysts are, therefore, reluctant to predict the metal industry's prospects until the markets have calmed down again. Much will also depend on the strength of the U.S. economy, about which forecasts vary widely.

The industry itself takes a cautiously optimistic view, based largely on the belief that the rally reflects underlying changes in the metals markets which will last.

For instance, in a bold show of confidence, Atlantic Richfield announced in January it would *contribute an additional $565m* in capital to Anaconda, presumably to enable its subsidiary to take the fullest advantage of the hoped-for copper boom.

A further big point in the metal industry's favour is President Carter's decision to exempt commodity metals from his "voluntary" price controls.

This means that metals producers will be able to benefit to the full from the strengthening market, while facing only smaller increases in their own wage bills and operating costs.

Asarco, the non-ferrous metals producer, has followed the trend of the sector in reporting a substantial upturn in net earnings for the final quarter and full year. For the year, a loss of $39.5m or $1.10 per share has been turned into a profit of $49.5m or $1.69 per share, on sales up $1.05bn to $1.2bn. The fourth quarter saw a turnround from a loss of $41.27m or $1.54 per share to a profit of $48.71m or $1.66 per share, on sales ahead from $251.05m to $335.7m.

EUROBONDS

Dollar recovery steadies trading

BY JOHN EVANS

THE EURODOLLAR bond market enjoyed generally steadier trading conditions yesterday, after last week's sharp losses. The slight recovery by the dollar in currency markets contributed to a better secondary market undertone, although trading was sporadic.

Some of the new issues being offered continued to be badly received. The $100m five-year note issue for the Canadian Export Development Corporation, offered at 99½ and bearing 9½ per cent to yield 9.38 per cent, fell to 97-97½.

At this after-market quotation, the issue yielded around 9.95 per cent. Some of the new offerings were being subjust to short-selling by dealers and reported unloading by syndicate managers.

The pre-underwritten GTE Finance issue, bearing 9½ per cent, had its price cut to 99½ from the originally indicated par. This brought the yield up to 9.70 per cent or, when full *selling concessions are taken* into account, 10.03 per cent.

However, the $50m Hudson's Bay issue, bearing 10 per cent and priced at 101, continued to perform fairly solidly, quoted at 99½-100½.

Elsewhere, the $50m Gould offering was quoted at 98½-99 while the $150m Sears Overseas Finance traded at 97½-98½.

The $100m Ciba-Geigy 4 per cent Convertible was quoted at 98½-99 versus its issue price of par.

Meanwhile, Eurobond dealers remain convinced that some new bond offerings may be waiting in the wings for placement shortly.

The recent flood of new issues and developments in Iran have combined to remove optimum conditions for tapping the dollar bond market, most market participants agree. But quality borrowers which are prepared to pitch terms near the current yield structure may still attract a sizeable devel of institutional support.

Prices of Deutsche Mark Eurobonds tended to drift lower again, responding to the widespread expectations of yet higher German interest rates.

The DM 150m 10-year offering from Statoil was trading at 97½-98, down from its pricing of 99½. The DM 50m issue for Bank of Tokyo, bearing 6 per cent at par, traded at a discount of around 2 per cent.

Japanese convertible bonds denominated in Deutsche Marks remained weak.

Akzo of the Netherlands is reportedly floating a DM 50m private placement with a 6½ per cent coupon via Deutsche Bank.

In guilders, Norway is making a Fl 100m five-year private placement bearing 8½ per cent at 99½. Lead manager is Algemene Bank Nederland.

Ruling holds up Tiger takeover of airline

BY JOHN WYLES IN NEW YORK

TIGER INTERNATIONAL has been temporarily barred from completing its acquisition of 25 per cent of Seaboard World Airlines in the latest legal move in an increasingly bitter takeover confrontation.

Tiger already owns 15.6 per cent of *Seaboard, and had* received approval from the Civil Aeronautics Board to raise its stake to 25 per cent pending a Board decision on whether to agree to a full merger. Seaboard had argued that the $12.30 per share offered by Tiger is inadequate, and had secured a Federal court decision which could stop Tiger accepting shares which have been tendered until a full trial on Seaboard's complaint in the *middle of April.*

In a suit filed last week, Seaboard complained that Tiger's offer was materially misleading and constituted an attempt to acquire the shares "at an unfairly low price." Federal judge Constance Motley said that Tiger's offer appeared to contained "an untrue statement of fact." This was a reference to Tiger's claim that Seaboard's own valuation of its shares at $30 was unrealistic.

Seaboard has gone in search of a "white knight" in its efforts to fend off Tiger. The company, *which is* the only certified all-cargo carrier between the U.S. and Europe, revealed *last week that it is* holding merger discussions with "certain major companies," and would neither confirm nor deny that these included Northwest airlines.

Tiger International owns Flying Tiger Line, which is one of the leading freight carriers in the U.S. with transcontinental and trans-Pacific services.

Reuter adds from Los Angeles: Tigerair Incorporated has agreed to buy Singapore Airlines' fleet of 747-200B aircraft.

The agreement provides for firm purchase of the aircraft as well as exclusive option rights, Tigerair said.

Tyco bid a legal challenge

BY STEWART FLEMING IN NEW YORK

THE takeover laws of the state of Massachusetts could come under challenge following a decision by Tyco Laboratories, the industrial and electrical equipment manufacturer, to launch a $67m takeover bid for Ludlow Corporation, which makes packaging and furnishings.

Tyco proposes to make a $19 a share bid for Ludlow, which reported sales of $144m and profits of $4.3m in 1978, subject to a successful challenge to Massachusetts corporate acquisition laws.

In common with about 30 other U.S. states, Massachusetts has passed legislation requiring takeover bidders to file disclosure documents with state officials and allowing the state to conduct hearings on the takeover, generally in circumstances where the takeover target requests them.

These state laws have provided *many companies* who want to avoid being taken over with a defence strategy which, while not insurmountable, has enabled them to tie up an unwanted aggressor in months of litigation which often makes the transaction less attractive.

Last year, however, state takeover laws in Idaho were declared unconstitutional by a federal appeals court in New Orleans in a case brought by Great Western United, a company controlled by the Texan oil millionaires Nelson Bunker Hunt and William Herbert Hunt.

Great Western won the ruling in the course of its bid for Sunshine Mining, an Idaho-based silver mining company. Idaho subsequently asked the U.S. Supreme Court to consider the legality of its takeover laws. The Supreme Court has agreed *to hear the case, which is now* pending.

At issue is the apparent conflict between federal acquisition laws under the 1968 Williams Act amendments to the Federal Securities and Exchange Act, which allows a company to proceed with a tender offer once it has filed appropriate documents with the *Securities and Exchange Commission* and complied with other federal statues including the Hart-Scott-Rodino Act.

Many of the state laws restrict this federal legislation, raising questions about whether or not they are constitutional.

Last year Dart Industries won a challenge to the Indiana state takeover laws in its $325m bid for the battery manufacturer Mallory, when, in the wake of court rulings in its favour, the Indian Securities Commission *granted it an exemption from* the state law.

Whether or not Tyco will have to take the issue to court in Massachusetts could depend on Ludlow's response to the offer. The company's directors meet today, and they have asked the New York Stock Exchange to suspend trading in the company's stock until after the meeting.

Tyco, with sales of $166m and net income of $12m, has been seeking a major acquisition for over a year. Last year it sparked off takeover battles for Leeds and Northrup and Cutler-Hammer, both much larger *corporations, only to have rival* bidders launch successful offers in competition with it.

GTE ahead by 15%

By Our Financial Staff

THE TELEPHONE SYSTEMS and equipment group General Telephone and Electronics Corporation has pushed net earnings ahead by 15.5 per cent to $627.2m for 1978, or $1.08 against 99 cents. At $8.7bn, sales grew by 13 per cent.

The final quarter brought net profits of $161.8m, an increase of 12.6 per cent over the comparable period. Share earnings rose from $3.78 to $4.26. Sales put on 14.2 per cent to $2.4bn.

Mr. Theodore F. Brophy, chairman and chief executive officer, said the earnings totals for both years included adjust*ments for the effects of an order* by the California Public Utilities Commission which, if implemented, would require General Telephone Company of California to make refunds to its customers.

Sonatrach raises loan for natural gas pipeline

THE FIRST Chicago Investment Banking Group has arranged a $57.5m syndicated bank loan for Sonatrach, the Algerian national oil company.

Guaranteed by Banque Algerienne de Developpement, the loan is divided into four and ten year tranches with the former bearing interest at 1 per cent above the prevailing London interbank offered rates (LIBOR) for Eurodollar deposits, and the later at 1.25 per cent above. Lending banks receive participation fees which vary between 0.125 per cent and 0.375 per cent depending on the amount provided.

Proceeds will go towards financing a liquid natural gas (lng) pipeline

Separtely, the U.S. Eximbank is providing a $59.25m loan for the project, said First Chicago.

AP-DJ

Marathon Oil output up

FINDLAY—Marathon Oil expects its North American pro*duction of liquid hydrocarbons* and natural gas to increase this year. The production of liquid hydrocarbons should rise about 4,000 barrels a day, from last year's average, to 187,000 barrels a day this year, the company said in a leter to shareholders.

Production of natural gas in North America is expected to increase by about 15 per cent *to about 488m cubic feet a day.*

Marathon also said completion late this year of additional capacity at its Garyville, LA, refinery will more than double production of unleaded gasoline to over 100,000 barels a day.

The major impact of this improvement wil be felt in 1980.

The company expects to benefit from the starting up of oil production from the Arzanan Feld in Abu Dhabi in mid-year, and revenues should be helped by increased volume of natural gas sales from the Kinsale Head field, offshore Ireland, during the year.

The contribution to earnings from refining and marketing operations in West Germany is expected to remain strong this year, which would result in the company again benefiting from an extraordinary credit against West Germany taxes.

Reuter

Occidental Petroleum downturn

BY DAVID LASCELLES IN NEW YORK

OCCIDENTAL PETROLEUM, the Los Angeles-based energy *company, has reported a sharp* drop in earnings for 1978, as it had predicted.

Earnings in the last quarter were $23.3m or 20 cents a share, down from $61.3m or 78 cents in 1977, on a 20 per cent rise in sales to $1.16bn.

This brought total 1978 earnings to $6.7m, or 39 cents a share, sharply down on 1977's $153.8m on $1.93. Sales for the year were up just under 7 per cent at $4.1bn.

The poorer results were due to *several* factors: lower coal earnings resulting from the strike, substantially lower *chemical earnings, tax accruals,* and the costs of the company's unsuccessful takeover bid for Mead Corporation, the large forestry products concern which put up a vigorous defence.

Oxy's results also include a $122m write-down of its European refining operations, including the decision not to complete its project on Canvey Island in the UK, reported in the middle of last year.

Against this, Oxy said that *revenues from oil and gas operations* were sharply up, notably in the last quarter when earnings were $72m, more than double the comparable quarter's $30m. This was due mainly to higher earnings in Peru and the *North Sea, and to the sale of* an interest in a domestic refining business.

Occidental had taken some trouble to prepare its shareholders for this bad news. Even so, its stock dipped 50 cents to $18.75 at the opening on Wall Street yesterday.

The company has, however, forecast a better 1979, with an overall rise in production from Libya and the North Sea, where the higher oil prices would more *than offset Britain's increased* tax.

Upturn at General Signal

NEW YORK—An *earnings* contribution from Leeds and Northrup helped to boost the *1978 total at General Signal* Corporation, the major supplier of control equipment and systems.

At the year end, net earnings show a rise of 27 per cent to $60.7m, with share earnings at $2.93 against $2.43 *previously.* The sales total of $1.03bn showed a gain of 17 per cent.

But the fourth quarter, which took in the results from Leeds and Northrup, whose acquisition was effective from September 29, produced gains of 40 per cent in earnings, at $20m and also in sales, at $308.9m.

Agencies

Head of Wyly resigns

DALLAS—Sam Wyly, *founder* and chairman of the Wyly Corporation, the computer concern, has resigned as an officer and director.

He said that he had done so "in the best *interest* of the company in connection with the currently pending SEC investigation."

He had taken a voluntary leave of absence during the investigation, undertaken to investigate circumstances surrounding a letter.

The letter was said to have granted an option on behalf of the company to buy the company's stock in exchange for cash and services

AP-DJ

U.S. QUARTERLIES

BURNDY CORPORATION

Fourth quarter	1978 $	1977 $
Revenue	49.3m	39.2m
Net profits	4.16m	3.09m
Net per share	0.67	0.49
Year		
Revenue	180.6m	155.1m
Net profits	15.4m	12.4m
Net per share	2.46	1.97

CONRAC CORPORATION

Fourth quarter	1978 $	1977 $
Revenue	33.4m	32.2m
Net profits	†1.25m	1.26m
Net per share	†0.66	0.58
Year		
Revenue	129.1m	133.3m
Net profits	1.66m	6.49m
Net per share	0.63	3.07

† Loss.

CUMMINS ENGINE

Fourth quarter	1978 $	1977 $
Revenue	421.2m	322.7m
Net profits	15.76m	12.69m
Net per share	1.93	1.45
Year		
Revenue	1.52bn	1.26bn
Net profits	64.4m	67.02m
Net per share	7.43	7.93

McGRAW-EDISON

Fourth quarter	1978 $	1977 $
Revenue	291.0m	257.8m
Net profits	15.47m	13.36m
Net per share	0.94	0.81
Year		
Revenue	1.15bn	1.04bn
Net profits	66.42m	57.29m
Net per share	4.04	3.50

OSCAR MAYER

First quarter	1978 $	1977 $
Revenue	334.0m	297.3m
Net profits	10.97m	6.33m
Net per share	0.75	0.44

SIGNAL COMPANIES

Fourth quarter	1978 $	1977 $
Revenue	3.57bn	2.96bn
Net profits	43.3m	28.8m
Net per share	1.12	0.74
Year		
Revenue	915.7m	762.3m
Net profits	160.7m	101.5m
Net per share	4.17	2.57

TELEPROMPTER

Fourth quarter	1978 $	1977 $
Revenue	42.3m	38.6m
Net profits	4.0m	2.78m
Net per share	0.24	0.16
Year		
Revenue	146.8m	126.0m
Net profits	12.79m	7.96m
Net per share	0.76	0.47

WILLIAMS COMPANIES

Fourth quarter	1978 $	1977 $
Revenue	340.6m	235.1m
Net profits	†1.27m	14.4m
Net per share	†0.05	0.53
Year		
Revenue	1.5bn	1.05bn
Net profits	12.85m	65.42m
Net per share	0.47	2.44

† Loss.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	94¼	94¾	−0¼	−0¼	10.17
Australia 8.45 83	175	†95½	96¼	−0¼	−0½	9.87
Australia 9¼ 83	75	†96¾	97¼	−0¼	−0¾	9.77
CECA 8¾ 87	50	†93¼	94¼	0	−0¼	9.84
CECA 9¾ 84-99	50	96¼	96¾	0	−0½	9.77
CNT 9 93	75	94¼	94¾	−0¼	−0¾	9.72
Canada 9 83	400	97½	98¼	−0¼	−1¼	9.80
Canada 9¼ 98	350	96¾	97¼	−0½	−1½	9.80
Canadair 8¾ 83	70	94¼	94¾	−0¼	−0¼	10.70
Dominion Bridge 9 88	25	94½	95	0	−1	10.02
EIB 9¼ 98	125	†94½	95¼	−0¼	−1½	9.95
Export Dv. Cpn. 9.85 84	150	100	100½	−0¼	−0½	10.02
Eksportfinans 9 86	[illegible]	95¼	96¼	0	−0¼	9.78
Finland 8¾ 83	100	96¼	96¾	−0½	−0¾	9.95
Finland 9 88	100	†94½	95¼	−0½	−1¼	10.08
Finland 9½ 86	100	97¾	98¼	—	—	9.92
Hospital O/S 9 83	25	96¼	97¼	0	−1	9.85
Itel Finance 9¼ 90	30	93¾	94½	+0½	−1	10.68
J. C. Penney 8¾ 83	100	95½	96	−0¼	−1¼	9.69
NZ Dev. Fin. 8¾ 83	20	93¾	94¼	0	−1	9.92
NZ Dev. Fin. 8¾ 85	20	93¼	93¾	0	−0½	9.79
Nat. West. 9 86	75	97¼	97¾	0	−0¼	9.49
Newfoundland 9¼ 90	50	97	97½	0	−0¼	9.65
Nord Inv. Bk. 8¾ 88	25	94½	95¼	−0¼	−0¼	9.80
Norsk Hydro 9¼ 94	50	95¼	95¾	0	−1	9.82
Norway 7¾ 83	250	92¾	93¼	−0½	−0¼	9.93
Norway 8¼ 83	150	†96¼	97¼	0	−0¾	9.87
Norway 9¼ 84	150	99¾	100¼	−0¼	−1¼	9.98
Occidental 8¾ 85	75	92	92½	−0¼	−1	10.60
Ont. Hydro 8¾ 85	125	93¾	94¼	0	−1	9.83
Quebec Hydro 9¼ 93	50	97¼	97¾	−0¼	−1¼	9.83
Sweden 9¼ 98	125	†95¼	96¼	−0½	−1¼	9.93
UK 8¾ 85	200	†96	95¾	−0¼	−0¼	9.72
UK 8¾ 93	150	95¼	95¾	−0¼	−0¼	9.66

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	97¼	97¾	−0¼	−0¼	5.88
Argentina 6½ 88	150	95¼	95¾	−0¼	−0¼	7.17
Australia 6 88	250	99¼	99¾	−0¼	−0¼	6.05
Austria 5½ 90	150	92¼	93¼	+0¼	0	6.42
Bankamerica 6¼ 90	150	98	98½	−0¼	−0¼	5.96
Bq. Ext. Algerie 7¼ 85	100	96¾	97¼	0	+0¼	7.83
Brazil 7¼ 87	150	100	100½	−0¼	−0¼	7.20
CECA 6 88	150	96¼	96¾	−0¼	−0¼	6.51
Canada 4¾ 83	800	97½	98	−0¼	−0¼	5.35
Ch. Manhttn. O/S 6 93	100	99¼	100	−0¼	−0¼	6.03
Commerzbank WW 3½	100	99¼	100¼	−0¼	−1¼	3.50
Commerzbank XW 3½	100	80¾	81¼	−0¼	−0¼	6.17
Copenhagen City 6 90	75	90¾	91¼	+0¼	−1	7.12
Council of Europe 6¼	100	96¾	97¼	+0¼	−0¼	6.54
Council of Europe 6¾	130	98¼	98¾	+1¼	−0¼	6.47
Denmark 6¼ 85	100	96¾	97¼	0	−0¼	6.37
Denmark 6½ 89	100	96¼	96¾	+0¼	0	7.00
EIB 6 90	300	93¼	94	−0¼	−1¼	6.80
EIB 6½ 91	200	96¼	96¾	+0¼	−0¼	6.96
Eurofima 6½ 89	100	98¼	98¾	−0¼	−0¼	6.73
Finland 6 83	150	99¾	100¼	+0¼	+0¼	5.99
Hitachi Ship. 5¾ 83	50	99¼	100¼	−0¼	−0¼	5.78
IBJ 5 84	100	96¾	97¼	−0¼	−0¼	5.66
Indonesia 7 84	100	97¾	98¼	0	−0¼	7.43
Kobe, City of 5¾ 86	100	100¼	100¾	+0¼	+0¼	5.67
Mitsubishi Petro. 5¾ 85	100	100¼	100¾	+0¼	+0¼	5.66
New Zealand 6¼ 87	200	99¼	100¼	−0¼	−0¼	6.25
Nippon Steel 5¾ 85	100	99¼	100¼	+0¼	+0¼	5.72
Nippon Tel. & T. 5¾ 87	100	96¾	97¼	−0¼	−1¼	6.00
Nordic Inv. Bk. 6¼ 86	60	97¼	98	0	−0¼	6.66
Norges Komm. 6 90	100	95¼	96¼	0	−0¼	6.52
Norges Komm. 6¼ 89	150	97¼	97¾	0	−0¼	6.60
Norwegn. Ind. Bk. 6 90	125	95¼	95¾	−0¼	−0¼	6.58
Occidental 6¼ 90	150	96	96½	−0¼	−0¼	7.23
OKB 6¼ 88	100	100¼	100¾	−0¼	−0¼	6.41
Petroleo Brazil 7 88	100	98¼	98¾	−0¼	−0¼	7.21
PK Banken 5¾ 88	100	92¼	92¾	0	−0¼	6.85
Ricoh 5¾ 83	30	99¼	99¾	−0¼	−0¼	5.63
Statoil 6 88	150	94¼	96¼	−0¼	−2¼	6.72
UDS Group 5¾ 83	65	96¾	97¼	−0¼	−0¼	6.49
Union Bank-Finn 6½ 88	50	95¼	95¾	−0¼	−0½	7.15
Venezuela 6¼ 90	150	93¼	93¾	−0¼	−0½	7.36
World Bank 6¼ 88	400	97	97½	0	−0¼	6.64

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	104¼	105¼	0	+0¼	4.61
Amer. Exp. Int. 3¼ 93	40	102¼	102½	0	−0¼	3.29
Arlberg Tunnel 4 93	40	102	102½	+0¼	+0¼	3.79
Austria 3¾ 93	100	99½	99¾	0	+0¼	3.53
Brazil 4¼	100	99¾	100	+0¼	+0¼	4.28
Chase Manhattan 4 93	70	104¼	105	+0¼	+1¼	3.66
Council of Europe 4¼	100	104	104½	+0¼	+1¼	3.86
Bankamerica 3¾ 93	80	102½	102¾	0	+0¼	3.52
BNDE 5 88	75	102¾	103¼	0	−0¼	4.60
Denmark 4½ 90	100	104	104½	−0½	+0¼	4.02
Denmark-Mortgage Bk.	80	104¼	105¼	−0¼	0	3.93
EIB 4½ 93	100	103¼	104	−0¼	−0¼	3.89
Euratom 4¾ 93	80	103½	104	−0¼	−0¼	3.91
F. L. Smidth 4½ 89	25	102½	103	−0½	−0¼	4.17
Finland 4½ 93	80	102¼	103	−0¼	−0¼	4.23
GZB 4½ 93	100	104¼	105	−0½	−0¼	4.05
ICI Fin. NV 4½ 93	100	104¼	104¾	−0¼	+1¼	3.84
Malaysia 4¾ 90	80	100	100½	0	−0¼	4.73
Manitoba 4 93	100	104	104½	−0¼	−0¼	3.61
Newag 4 93	70	103	103¾	−0¼	−0¼	3.71
New Zealand 3¾ 94	120	99¾	99¾	−0¼	0	3.64
Norges Komm. 4¾ 90	100	105¼	105¾	+0¼	+1	3.86
OKB 4 93	80	103¼	103¾	−0¼	+0¼	3.69
Oy Nokia 5 90	20	104¼	105	0	+0¼	4.47
Safe 4¼ 93	30	103¼	104¼	+0¼	−0¼	3.88
Sandvik 4 90	85	104	104½	+0½	+1	3.55
Sass 4½ 88	15	103½	104	−0½	−0¼	4.00
Voest-Alpine 4¾ 93	100	105	105½	0	+0¼	4.01
Voralberg Kraft 4 93	30	104¼	104½	−0¼	+0¼	3.58
Vienna 4 93	100	102¼	103	0	+0½	3.74
World Bank 4½ 93	250	103½	103¾	0	−0½	3.92

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	94¼	95¼	−0¼	−0¼	6.48
Australia 5.6 83	30	100¼	101¼	+0¼	+0¼	5.49
Australia 6½ 88	20	97½	98¼	+0¼	+0¼	6.84
BFCE 6.4 90	30	94¼	95¼	+0¼	−0¼	7.20
Eurofima 6.3 90	10	94¼	95¼	−0¼	−0¼	7.08
Finland 5.6 83	10	98¼	99¼	+0¼	0	5.89
Finland 6.8 88	10	97¼	98¼	0	+0¼	7.23
Sweden 6.3 90	40	94¼	95¼	−0¼	−0¼	7.12

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ AS	12	94¼	96¼	+0¼	−1¼	12.89
Auto Cote B. 7 93 EUA	16	91¼	92¼	+0¼	0	7.98
Copenhagen 7 93 EUA	30	91¼	92¼	+0¼	−1¼	7.96
Komm. Inst. 7¼ 93 EUA	15	97¼	98¼	+0¼	+0¼	7.76
Panama 8¼ 93 EUA	20	94	95	0	−1	8.93
SDR France 7 93 EUA	22	92¼	93¼	+0¼	0	7.84
Algemene Bk. 6¼ 83 Fl	75	94¼	95¼	−0¼	+0¼	7.88
Brazil 7¼ 83 Fl	75	94¼	95¼	−0¼	+0¼	8.87
CFE Mexico 7¼ 83 Fl	75	97½	98¼	+0¼	+0¼	8.32
EIB 7¼ 85 Fl	75	95¼	96¼	0	0	8.04
Neder. Midd. 6½ 83 Fl	75	94¼	95¼	0	+0¼	7.39
New Zealand 6¾ 84 Fl	75	95¼	96¼	0	+0¼	7.67
Norway 6½ 83 Fl	100	94¼	95¼	0	+0¼	8.03
OKB 6½ 85 Fl	75	91	91¼	+0¼	+0¼	8.31
Elf Aquitaine 9¾ 88 FFr	150	99¼	100¼	−0¼	−0¼	9.76
EIB 9¼ 88 FFr	200	99¼	100¼	−0¼	−0¼	9.76
PSA Peugeot 9¼ 87 FFr	175	—	—	—	—	—
Unilever 10 85 FFr	100	—	—	—	—	—
BAT 8 88 LuxFr	250	97	98	0	0	8.38
Bayer Lux. 8 86 LuxFr	250	97¼	98¼	+0¼	0	8.40
EIB 7¼ 88 LuxFr	250	96¾	97¾	0	+0¼	8.19
Finland I. F. 8 88 LuxFr	250	95½	97¼	−0¼	−0¼	8.47
Norway 7¾ 83 LuxFr	250	97¼	98¼	0	0	8.39
Norges Km. 8 86 LuxFr	500	98¼	99¼	0	−0¼	8.13
Renault 7¾ 88 LuxFr	500	96½	97½	−0¼	−0¼	8.21
Solvay Fin. 8 85 LuxFr	500	100¼	101¼	0	−0¼	7.79
Swedish Bk. 8 88 LuxFr	500	99	100	−0¼	−0¼	8.07

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bk. M8.5 83	0¼	96	96½	31/7	11.44	11.88
BFG Fin. Co. M5.5 89	0¼	98¼	98¾	12/7	12.4	12.67
Bco. El Salvador M8 83	1¼	97¼	98¼	12/4	11.31	11.54
Bco. Nac. Argnt. M8 83	0¼	99¼	99¾	21/7	12¼	12.33
Bank Handlowy M8 88	1¼	97¼	97¾	25/11	12.94	13.27
Bank of Tokyo M5½ 93	0¼	97¼	97¾	18/4	10¼	10.78
Banque Worms M5¾ 85	0¼	98¼	98¾	15/6	12	12.20
Bq. E. d'Alg. M8.375 84	0¼	96¼	96¾	8/8	11¾	12.29
Bq. E. d'Alg. M7.5 85	0¼	96¼	96¾	2/5	12¼	13.35
Bq. Indo et Suez M5½	0¼	98¼	98¾	25/7	12	12.15
Bq. I. Af. Occ. M6.5 83	0¼	97¼	97¾	12/7	12.4	12.70
CCCE M5.25 98	0¼	97¼	98	3/8	11¼	11.64
Ch. Man. O/S M5¼ 93	0¼	98¼	98¾	27/7	11.73	11.96
Credit National M5¼ 88	0¼	98¼	98¾	11/7	12.31	12.53
Gotabanken M6 88	0¼	98¼	98¾	15/8	12.31	12.50
Ind. Bk. Japan M5¼ 85	0¼	99¼	99¾	1/8	12.35	12.40
Ljubljanska M7.75 85	1	96¼	97¼	18/7	12.94	13.32
LTCB Japan M5¼ 85	0¼	99¼	99¾	9/5	12.06	12.14
Midland Intl. M5¼ 93	0¼	98¼	98¾	20/7	12¼	12.44
Nat. West. M5¼ 90	0¼	98¼	98¾	21/6	12¼	12.64
Nipp. Crdt. Bk. M5.5 85	0¼	100	100½	22/8	12.81	12.78
OKB M5¼ 88	0¼	100¼	101	18/6	10.56	10.48
Offshore Mining 86	0¼	98¼	99¼	19/7	12.19	12.31
Petro Mexicano 7¼ 84	0¼	98¼	98¾	24/7	12.06	12.25
Privredna Banka M8 86	0¼	95¼	96¼	22/8	13.44	14.03
Standard Chrt. M5.5 90	0¼	97¼	97¾	10/8	11.56	11.87
Sundsvallsbnkn. M6 85	0¼	97¼	97¾	4/4	10.06	10.32

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¼ 93	9/78	828	103	103¾	−0¼	13.74
Baker Int. Fin. 5½ 93	1/79	34	100¼	102	−0¼	10.15
Boots 6¼ 93	2/79	2.16	89¼	90½	+0¼	−1.86
Coca-Cola Bottling 6¾	4/79	9	89¼	90¼	−0¼	24.88
Ito-Yokado 5¾ 93	6/78	1473	122¼	122¾	−0¼	3.99
Novo Industri 7 89	4/79	259	90¼	92	0	4.08
Texas Int. Air. 7¼ 93	4/79	14.5	89¼	90¼	−0¼	21.90
Thorn Int. Fin. 7 88	11/78	3.67	97¼	98¼	−0¼	0.22
Tyco Int. Fin. 8½ 88	9/78	21	99¼	100¼	0	20.38
Tyco Int. Fin. 5 84	5/78	61.5	75¼	76¼	−0¼	168.95
Asahi Optical 3½ DM	12/78	668	91¼	92¼	+0¼	5.96
Casio Cp. 3¼ 85 DM	11/78	841	95¼	96¼	−0¼	6.61
Izumiya 3¼ 85 DM	10/78	869	90¼	91¼	−0¼	1.83
Jusco 3¼ 86 DM	1/79	1270	91¼	92¼	−0¼	15.46
Kansai Elec. 4 84 DM	4/79	136	92¼	93¼	−0¼	68.43
Konishiroku 3¼ 85 DM	1/79	612	92¼	93¼	−0¼	8.61
Marudai Food 3¼ DM	2/79	1033	91¼	92¼	−0¼	11.49
Murata M. 3¼ 86 DM	11/78	854	94¼	95¼	−1¼	1.39
Nipp. Air. 3.5 86 DM	12/78	506	86¼	87¼	−0¼	0.37
Nippon Shinpan 3¾ DM	8/78	738	99¼	100¼	−1	1.56
Nippon Yen. 3¼ 86 DM	1/79	291	95¼	96¼	−0¼	3.09
Nissan Diesl. 3¼ 86 DM	2/79	477	92¼	93¼	−0¼	3.39
Olymp. Opt. 3¼ 86 DM	2/79	703	98	99	+0¼	3.15
Ricoh 3½ 86 DM	10/78	617	95¼	96¼	−0¼	16.44
Sanyo Electric 3¼ DM	11/78	296	89¼	90¼	−0¼	2.06
Seiyu Strs. 3¼ 86 DM	9/78	1276	103¼	104¼	0	3.77
Sharp Cpn. 3¼ 86 DM	2/79	487	93¼	94¼	−0¼	−0.45
Stanley Elec. 3½ DM	11/78	623	91¼	92¼	−0¼	17.14
Tokyo Elec. 3½ 87 DM	4/79	476	92¼	93¼	−0¼	3.10
Trio-Knwd. 3¼ 86 DM	11/78	717	88¼	89¼	−1¼	21.46

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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This announcement appears as a matter of record only. December 1978

AGA

AGA AB

US$15,000,000

Term Facility

Provided by

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BANK OF AMERICA INTERNATIONAL LIMITED

GERMAN COMPANIES

BMW growth is well ahead

BY GUY HAWTIN IN FRANKFURT

BAYERISCHE MOTOREN Werke (BMW) has reported yet another satisfactory year. Cash sales were up by a fifth, and growth was only limited by the group's capacity to produce its high-performance cars.

The group is sitting on the fattest order book in its history, and customers are facing even longer waits for delivery of their vehicles despite an 11 per cent increase in volume output during 1978. Compared with 1977, orders last year were up 9 per cent.

Although Herr Eberhard von Kuenheim, BMW chief executive declined to give details of earnings, profits are certainly satisfactory. No dividend forecast was forthcoming but holders can count on a repeat of last year's 18 per cent, unchanged from 1977, at the very least.

The car-producing parent's sales rose by 19 per cent to DM6bn ($3.2bn) and those of the group as a whole lagged only slightly with a growth rate of 17.5 per cent, reaching DM6.5bn.

Last year's performance far surpassed the group's own expectations: in May last year sales growth for 1978 was forecast at 10 per cent.

BMW has, therefore, once again turned in a performance which far exceeds the industry's average. Not only did unit production, at 321,000, rise far faster than the industry's average of 3 per cent, but domestic and overseas sales also forged ahead far faster.

Car registration in West Germany last year increased by 4 per cent, while those of BMW went up 10 per cent. Car exports dropped 2 per cent last year, but BMW's overseas shipment rose 14 per cent. In 1978 BMW's share of the West German car market increased to 5.9 per cent, yet its share of West Germany's total car exports amounted to 9 per cent.

Its cash sales growth was attributable not only to growing overall demand for its products, but also to the success of its newly introduced range of up-market models. These have increased cash sales at a far greater rate than unit output.

This year, with sales at the upper end of the range maturing, the group does not expect sales to rise so steeply. Even so, the group hopes to increase its market share — notwithstanding capacity utilisation running at 100 per cent. For the industry, as a whole, demand is expected to stagnate, albeit at the current high level.

BMW does not hold out much hope of more than marginally reducing the long delivery periods it is quoting its customers. Capital investment — which totalled DM 300m in 1978 and will total DM 600m in 1979 — is being channelled into improving and restructuring production. Altogether BMW plans to invest more than DM 3bn in the next five years.

Research and development is also high on the investment list, as is investment to safeguard the concern's future position. Under this heading comes the newly formed BMW-Steyr Motoren Gesellschaft—the joint venture with the Austrian concern Steyr-Daimler-Puch — which will produce diesel engines.

Output from the Austrian-based concern will start in 1982, and the plant will produce newly developed diesel engines for cars, commercial vehicles and tractors.

Not everything in BMW's garden is rosy, however. The group is facing real problems on the motorcycle side — primarily a result of tough Japanese competition in important export markets, coupled with the increase in the value of the Deutsche Mark against the dollar.

Although sales in the home market were healthy thanks to the successful launch of a new range of small motor cycles, exports fell back by a massive 26 per cent. Herr von Kuenheim blamed much of the problem on currency problems. "With the dollar at DM 2.60 we can easily compete," he said. "But to-day it is at just over DM 1.80."

Exports worry Schering

WEST BERLIN — Schering AG, the chemical group, expects its 1978 results to be generally satisfactory but its export business is causing concern, Mr. Karl Otto Mittelstenscheid, management board member, said.

The parent company turnover rose to a provisional DM 1.35bn ($733m) last year from DM 1.28bn in 1977, an above-average gain for the West German chemical industry, while world group turnover advanced to a provisional DM 2.22bn ($1.2bn) from DM 2.13bn, he said.

Mr. Mittelstenscheid did not give an earnings figure but said they did not match the trend in turnover. In 1977, Schering earned a parent company net profit of DM 59.6m and a world group net profit of DM 66.3m.

He said that the domestic part of last year's parent company turnover rose 11 per cent while exports gained just under two per cent, resulting in the export share of total parent company business slipping to 61 per cent from 63.5 per cent in 1977.

Agencies

Huels fears effect of raw material costs

BY OUR FRANKFURT CORRESPONDENT

CHEMISCHE WERKE HUELS, the key chemical arm of the giant Veba energy concern, yesterday confessed its inability to predict the likely course of 1979.

Rising raw materials costs, partly a result of events in Iran, and hefty increases in product prices have rendered the group's earlier forecasts "unrealistic," the company said.

The uncertainty follows a disappointing year for the group. A 4.5 per cent sales growth had been expected, but instead turnover of CVWH AG, the parent, fell back by 0.8 per cent while group sales went down by 2 per cent.

Cash sales in 1979 are likely to show a very steep rate of growth, according to Mr. Karl Moenkemeyer, Huel's chief executive. Prices for individual products could well rise between 30 and 40 per cent, he said.

Since October last year the spot price for naphtha had risen from $163 a tonne to a figure at the end of January of $280 a tonne. The price of benzol, which in the final quarter of 1977 was fetching between $420 and $450 a tonne, had now reached $850 on the free market, he said.

Although the price rises indicate that the chemicals companies can expect a better return per tonne for some products, there could be drawbacks. Mr. Moenkemeyer warned of the negative aspects of recent developments such as the Iranian crisis.

If 1979 is to be a year of rising prices this is a direct contrast to 1978 when costs rose and prices remained under pressure. Group turnover fell back from 1977's DM 2.74bn to DM 2.68bn ($1.45bn), while the parent concern's sales dropped from DM 2.32bn to DM 2.30bn.

Volume output by the parent, on the other hand, rose by 9.9 per cent from an overall 2.21m tonnes in 1977 to 1978's total of 2.43m tonnes.

Earnings were sufficient to ensure a dividend, said Mr. Moenkemeyer, but the final dividend figure had not yet been decided.

Kloeckner sees big sales rise

DUSSELDORF — Kloeckner Werke AG sales in the first few months of its year, which began on October 1, may well be 20 per cent above the year-ago level, Mr. Herbert Gienow, chairman of the managing board said.

In an interview with the magazine "Wirtschaftswoche" he noted that since the beginning of the current year volume sales of rolled steels have risen, while capacity use has improved in both the rolled and crude steel sectors.

At the same time average percentage price increases since the beginning of the 1977-78 year have run into double figures, Mr. Gienow said.

He said that Eisenwerk Gesellschaft Maximilianhuette mBH has been operating at a profit since August last year, helped by the recovery in the market for reinforced concrete bars.

He added that the merger between Kloeckner-Werke and Maxhuette, which was completed at the beginning of this year, should result in annual savings of about DM 50m. Reuter

Ericsson reorganises in Brazil

BY WILLIAM DULLFORCE IN STOCKHOLM

L. M. ERICSSON, the Swedish telecommunications group, has relinquished control of its Brazilian subsidiary to Brazilian interests and has re-submitted a tender for a contract to supply electronic exchange equipment to the city of Sao Paulo.

The Cr 1.4bn ($64.1m) capital stock of Ericsson do Brasil (EDB) is being re-organised into one-third ordinary shares and two-thirds preference shares without voting rights.

Ericsson will keep the preference shares while 51 per cent of the ordinary shares will be divided between the Monteiro Aranha Investment Company and Atlantica Companhia Nacional de Seguros, an insurance company associated with Brazil's largest commercial bank, Banco Bradesco. Monteiro Aranha is the main partner in Brazil for Volkswagen. Other ordinary shares in EDB are held by Brazilian investors and Ericsson, which will retain 75 per cent of the total stock.

The restructuring of the EDB capital meets the condition laid down by Telebras, the State telephone company, that foreign suppliers should have only minority control of the contracting company. It lifts the disqualification placed on Ericsson last August after the company had been selected in June to negotiate an agreement covering the first 50,000 subscriber lines for a new telephone network in Sao Paulo as well as a letter of intent for a further 180,000 lines.

The bidding has returned to the position prevailing a year ago, when three companies were competing, Ericsson, ITT through its Brazilian subsidiary, Standard Electrica, and Nippon Electric.

The value of the contract is between $75m and $80m. Far more significant is that the Brazilians will be choosing the system for their first computerised telephone exchange. The choice is expected to open the way for future contracts running into $1bn or more.

Ericsson is competing with its AXE system which has already won key contracts in Saudi Arabia and Australia, while ITT is banking on its Metaconta system and Nippon its D10. ITT ran into similar difficulties to Ericsson over "Brazilianisation" but is understood to have reorganised the capital stock of Standard Electrica and to have submitted a new tender last week.

Atlas Copco halts two-year profts slide

By Our Nordic Editor

ATLAS COPCO, the Swedish rock drilling and compressed air equipment manufacturer, managed to halt a two-year profit slide in 1978, but the recovery was only marginal.

Preliminary pre-tax earnings are given as SKr 301m ($69m), just SKr 4m ahead. Sales climbed by 14 per cent to SKr 4.7bn ($1.09bn), falling 1 per cent short of the forecast made at the half-way stage.

At SKr 209m the group's net earnings are SKr 45m higher than in 1977 after SKr 65m has been transferred to a currency reserve fund and SKr 115m taken from the inventory reserve. The reduction of the inventory reserve is justified by the decline in stocks held in Sweden.

The board proposes to raise the shareholders' dividend by SKr 1 to SKr 7 a share. It also proposes a new rights issue of one-for-six at SKr 60 a share (nominal SKr 50) and a scrip issue of one-for-six.

By restoring the debt equity ratio the two issues are intended to facilitate financing of the group's future expansion, the board states. They will raise the share capital to SKr 414m with a simultaneous increase of SKr 72m to SKr 226m in the reserve fund.

The management expects higher profitability in the current year as a result of better capacity use in the Swedish plants prompted by increased demand. The order intake rose by 15 per cent to SKr 4.89bn last year.

The mining machinery market reflected low capacity and poor investments in 1978, while demand for construction equipment grew only moderately.

Andresens Bank price decision delayed

BY FAY GJESTER IN NORWAY

AN OFFICIAL commission here has been asked by Norwegian Finance Minister Per Kleppe to postpone its decision on the "redemption" price of Andresens Bank, which has already seen its share price affected by news of poor 1978 results.

The commission is fixing redemption prices for the shares of Norway's 26 commercial banks after the introduction last year of a new "bank democratisation law." The object is to fix a buy-back price for bank shareholders, who might want to sell their shares to the state after democratisation — which means majority public control.

The price for Andresens was to have been fixed at a meeting of the commission on March 13.

The minister's move led to a further sharp fall in the price of the bank's shares, already affected by Andresens's preliminary statement for 1978, which announced heavy loss write-offs and no dividend.

In a letter to the chief advocate, who represents the state on the Price-Fixing Commission, Mr. Kleppe suggested that the losses written off last year must have been accumulating during 1975-77.

Under the new bank law, the commission fixes the redemption price for each bank's shares on the basis of the share's market price during these three years.

Mr. Kleppe says his minstry believes the State should examine this aspect of the matter "very carefully" when presenting its views to the commission about an appropriate price for Andresens' shares.

"This requires a rather comprehensive job of analysis and investigation, which must necessarily take a certain amount of time," the letter states.

Andresens Bank says Mr. Kleppe's letter to the chief advocate is "a serious and completely unjustified insinuation," which has seriously damaged the bank and its shareholders.

In a letter to the Finance Ministry the bank denies that it rigged earlier results in order to avoid a fall in share-prices.

"The write-offs proposed for 1978 refer to circumstances which did not become clear until the course of that year," the bank says.

Sharp gains at Groupe Bruxelles Lambert

BY GILES MERRITT IN BRUSSELS

BELGIUM'S Groupe Bruxelles Lambert, the holding company which links the Bruxelles Lambert financial and banking interests, is shortly to announce a sharp rise in net profits and in its consolidated balance-sheet total.

Following a reorganisation in reporting periods throughout the Belgian group, the holding company is to inform shareholders that consolidated net income for the nine months up to September, 1978, was BFr 2.3bn (£82m), and that the Groupe Bruxelles Lambert's consolidated balance-sheets now stands at BFr 30bn.

The latest figures represent only nine months, because all group companies have now changed their year end to September 30. But senior executives at Groupe Bruxelles Lambert point out that while comparisons with 1977 are complicated by the reorganisation, the latest figures should be set against comparable 1976 figures giving the overall holding company net earnings of BFrs 1.1bn and a consolidated balance-sheet of BFr 35bn.

Full preparation of the Groupe Bruxelles Lambert figures has yet to be finalised, in advance of the February 21 annual meeting, although it is expected that the group will propose a net dividend of BFr 90 per share for the nine months to September 30, which equals the full 1977 dividend.

In the meantime, Banque Bruxelles Lambert, which is Belgium's second largest bank, has revealed that its six month figures to September 30 were BFr 131.4m, which at a level before tax and depreciation suggests a 70 per cent rise in profitability. Once again, assessment of the bank's performance is complicated by the changeover in accounting periods—the financial year end having been moved from March to September—but compared with the previous year the bank's balance sheet rose 21.5 per cent to BFr 526.1bn on September 30.

The latest figures to be published by the Bruxelles Lambert group are those of its industrial holdings concern, the Compagnie Bruxelles Lambert. After its takeover of the Compagnie Auxiliare Internationale de Chemin de Fer, in a deal which makes Bruxelles Lambert Europe's largest private owner of commercial railway rolling stock, th Compagnie Bruxelles Lambert's consolidated balance sheet has risen to BFr 33bn from BF 16.8bn. Net profits for the period October 1, 1977 to September 30, 1978 stand at BFr 969m.

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DECEMBER 1978

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THE GUTHRIE CORPORATION LIMITED

To the Ordinary Shareholders in The Guthrie Corporation Limited

In Sime's letter to you of 10th February, 1979, nothing has been said to alter your Board's firmly held view that the acquisition of Guthrie by Sime would not be in the best interests of the Corporation or its employees and that the offer price of 425p fails to reflect the value of the Corporation.

WAIT TO RECEIVE
your Board's response which will be posted this week

DO NOT ACCEPT
Sime's offer

SIME CANNOT CLOSE
its offer on Friday, 16th February 1979. Under the City Code, you must be given 14 days' notice of Sime's intention to close its offer

The Directors of The Guthrie Corporation Limited (other than the Chairman, who is indisposed) have taken all reasonable care to ensure that the facts stated and opinions expressed above are fair and accurate and they jointly and severally accept responsibility accordingly

Bank Hapoalim to pay higher bonus as profits increase 75%

BY L. DANIEL IN TEL AVIV

BANK HAPOALIM — Israel's second largest bank—increased its net consolidated profit to I£846m ($48m) in 1978 from I£484m in 1977, an increase of 74.4 per cent. This was after allocation of over I£1.5bn for tax purposes, or 80 per cent *more than in 1977*. *The bank* is to make a bonus share distribution in respect of 1978 of 35 per cent, compared with 30 per cent in the preceding year. The cash dividend, however, will remain unchanged at 12.5 per cent on the ordinary shares, and 15.5 per cent on the preference.

The bank's consolidated balance sheet increased to I£216bn ($12.3bn), from I£124bn at end-1977.

Presenting the accounts, Bank Hapoalim director Ephraim Rainer stressed that despite the successful flotations effected in 1977 and 1978 and the subsequent increase in capital, the relation between the bank's own means and its balance sheet total remained unsatisfactory—in the light of the rampant inflation. However, he warned the Government against taking too drastic steps to stem inflation, steps which could only upset the economy, he argued.

This ban was imposed by the central bank to cut down the money supply—many Israeli companies took dollar credits despite the exchange rate risk involved, in view of their inability to get enough bank credit locally. Mr. Rainer urged the Government to take less radical steps—it could, for example, have increased the deposit ratio on such foreign loans. He also expressed doubts that the present inflation could be stemmed by monetary policy.

Commenting on another proposal recently raised in Government circles that social housing (for young couples, large families, and that associated with slum clearance) be based on mortgages of up to 70 to 80 per cent linked to the cost-of-living index, Mr. Rainer proposed that any linkage, if approved, should be to the cost of living increments actually paid. *(70 per cent of the rise in* the index and this retroactively).

Sharp rise in earnings of Barclays Discount Bank

BY OUR TEL AVIV STAFF

BARCLAYS DISCOUNT Bank—a subsidiary of Israel Discount Bank — increased its net profit by 105 per cent in 1978 to I£37m ($2.1m). Its balance-sheet total *also* doubled, to I£11.6bn ($663m).

Most of the gross income of I£1.3bn was derived from interest on loans, discounting of bills and gains from bonds approved for investment, which are linked to the cost-of-living index and/or the dollar. Similar linkage obligations appear on the debit side, with total expenses up to I£1.2bn. The allocation for taxes came to I£66.5m.

Outstanding was the growth in the bank's cash reserves and deposits with other banking institutions, which rose from I£2bn to I£4.8bn, while investments increased at a slower rate, by 90 per cent to I£1.4bn.

Singapore to issue S$600m of loan stock

By H. F. Lee in Singapore

THE SINGAPORE Government is to issue S$600m (US$276m) of registered loan stock to finance public development projects. Two types of stocks will be issued—a two-year 3½ per cent taxable issue, totalling S$50m, and a 20-year 6¼ per cent tax-free issue totalling S$550m.

The two-year stock will be issued on a tender basis, while the 20-year will be issued at par. The offer will close on February 26.

The new issue will bring total Government borrowing in the domestic bond market to S$1.94bn for the fiscal year ending in March.

The 20-year issue is geared largely towards "mopping up" the increasing contributions to the central provident fund.

Capital rise

SELANGOR COCONUTS Berhad—a rubber and palm oil company—is proposing a two-for-three scrip issue which would bring its paid-up capital to 53m ringgit (U.S.$25m), writes Wong Sulong from Kuala Lumpur.

MASS TRANSIT RAILWAY

Confident despite exchange loss

BY PHILIP BOWRING IN HONG KONG

HONG KONG'S Mass Transit Railway Corporation, which is building the Colony's U.S.$2bn underground railway, realised exchange losses of close to HK$200m (U.S.$42m) last year. But despite this, the corporation is confident that the first phase of the project scheduled *for completion next year*, will be comfortably within its HK$5.8bn original estimate.

At the same time, the MTRC has been remarkably successful in reducing exchange and inflation risks from the second phase of the project. The second phase, now getting under way, involves the extension of the line a further 10.5 kilometres to Tsun Wan at an estimated construction cost of HK$4.1bn.

The MTRC apparently *decided in the second half of* last year to cut its losses arising from the yen appreciation, on some HK$650m equivalent of yen denominated export credits from Japan. In addition to the loss, the MTRC *will probably* have to pay a small penalty in terms of the additional interest cost of market borrowing of U.S. dollars over the approximate 8 *per cent interest payable on yen* export credits. But this was thought preferable to risking further yen appreciation.

The repayment means that, apart from some small sterling and mark credits, the debt of the MTRC will be either in HK dollars or in U.S. dollars, with which the Hong Kong dollar traditionally has a close relationship. The total contract debt of the MTRC, after including an about-to-be-signed U.S.$600m loan from a syndicate headed by Manufacturers Hanover, and including export credits *on recently awarded* contracts, is now believed to total HK$9.5bn. Of this approximately HK$5bn is in Hong Kong dollars and almost all the remainder in U.S. dollars.

Of the total, about HK$2.5bn *has so far been drawn down.* The big new Manufacturers Hanover facility—of which $200m is new, and $400m for nine years at 0.75 per cent over Libor is a renegotiation of an earlier credit—should ensure that the MTRC does not have to go to the market in a substantial way for a considerable time.

Though the MTRC has now virtually borrowed sufficient to meet the contructions cost of the project, including the extension, it will have to raise an approximate HK$4bn between now and 1983 to meet pre-operational interest charges and loan repayments.

The debt should reach a peak of about HK$10.5bn by the end of 1982, when the extension is scheduled to come into operation.

Costs for the initial system are said still to be running below the annual average of 6 per cent rise allowed for in the original estimates. Even if, as seems quite likely, there is a big inflationary push this year the MTRC should not suffer badly, as the heavy civil engineering work is mostly completed. For the extension, the MTRC has pinned all the civil engineering contractors to fixed price, HK dollar contracts.

That is a risky business for contractors and may account for the fact that Japanese companies, which tend to be larger than their Western or local counterparts, won four of the six major civil contracts for the extension. Civil work accounts for about 64 per cent of the extension cost. The only successful non-Japanese concern has been Dragages et Travaux Public of France, which has won two contracts.

For the electrical and mechanical work the MTRC has also enjoyed singular success in extracting favourable terms from suppliers.

Though the prices are not all fixed, they are all either in Hong Kong or U.S. dollars. Last year, the MTRC persuaded the British UK Export Credits Guarantee Department to provide Hong Kong Dollar finance, and thus bear the exchange risk, for supply of rolling stock by Metro-Cammell. With that, it then leaned on export finance bodies in other countries to come up with similar offers.

Thus the MTRC will be getting Japanese and German as well as British and U.S. equipment financed at normal Eximbank rates of around 8 per cent, but in softer currencies than the mark or the yen. Whether the loans are in HK or U.S. dollars will be determined by the availability and price of HK dollars. Much can still go wrong with the MTR's highly geared finances between now and 1982. But at this stage, thanks partly to the timing of its contract tendering and money-raising, and to some tough negotiating by its chairman, Mr. Norman Thompson, the situation is looking more promising than the Railway's supporters would earlier have dared to hope.

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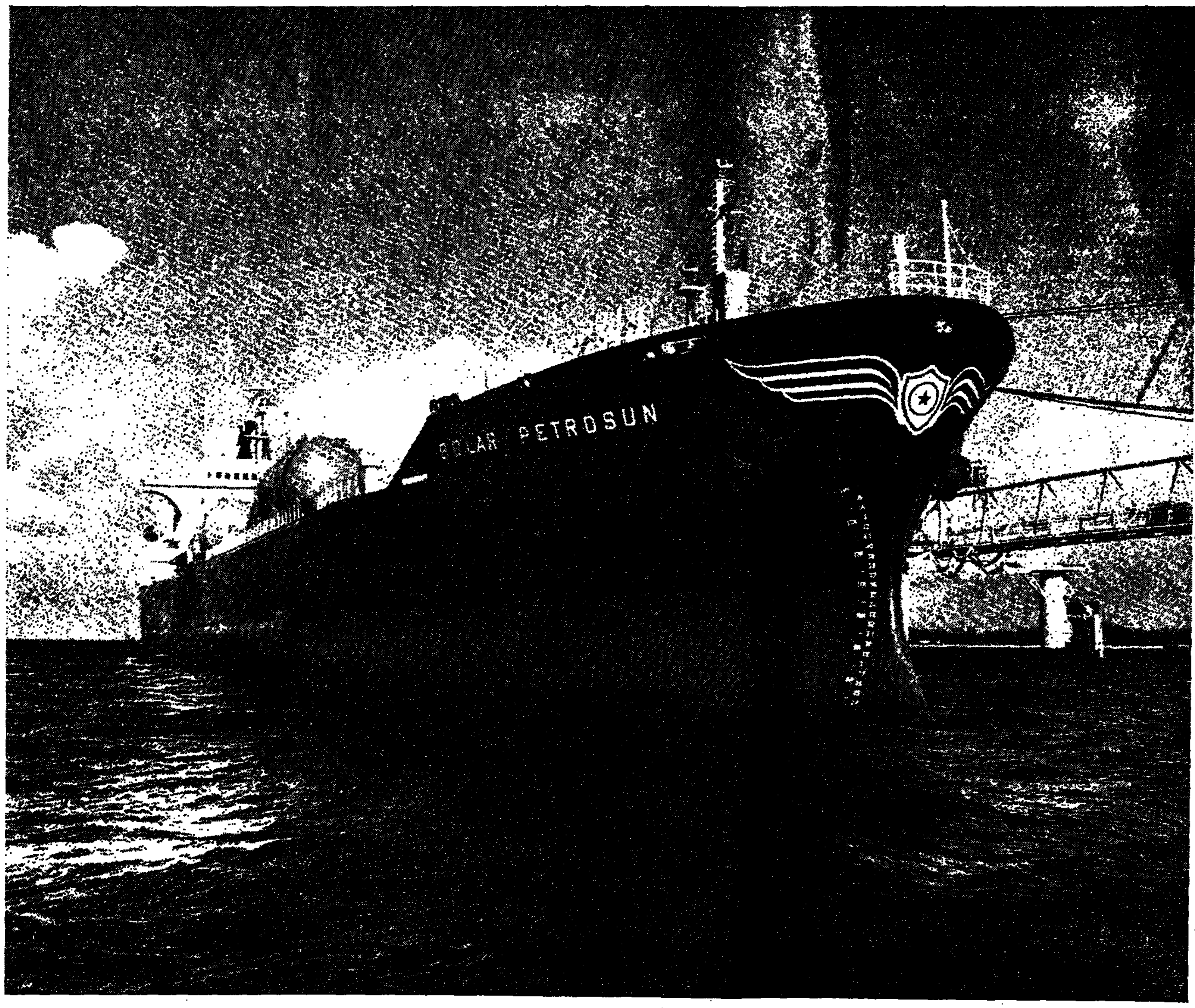

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For more information about the Gotaas-Larsen fleet, write Kenneth A. B. Trippe, President, Gotaas-Larsen Shipping Corporation, 1114 Avenue of the Americas, New York, NY 10036. To learn more about IU International, write IU Corporate Affairs, 1500 Walnut Street, Philadelphia, PA 19102.

IU International

Hong Kong reveals figures on deposit-taking groups

BY PHILIP BOWRING IN HONG KONG

FOR THE first time, the Hong Kong Government has published aggregate statistics relating to 241 non-bank deposit-taking companies here. At the end of December liabilities of the companies totalled HK$52bn (U.S.$10.8bn). This compares with total liabilities of the licensed banks of HK$131bn.

The overall figures, however, disguise the great variation in types of operation which come under the deposit-taking company umbrella.

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Index Guide as at February 8, 1979

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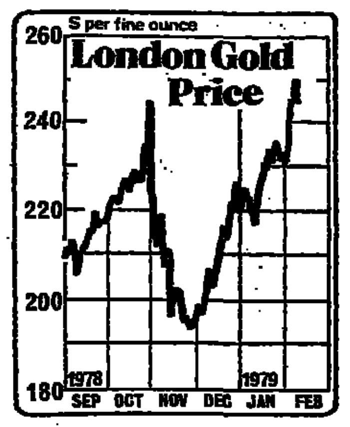
CURRENCIES, MONEY and GOLD

Dollar firm in quiet trading

The dollar showed a stronger tendency against most currencies yesterday as trading was restricted by the closure of New York and Tokyo. The continued crisis in Iran did not appear to have the effect that most people were expecting, although the full implications will only become apparent when normal trading resumes today. From its opening position the U.S. unit showed a steady improvement and finished close to its best levels. Against the D-mark it rose to DM 1.8525 from DM 1.8480 on Friday, with a low for the day of DM 1.8360. Similarly against the Swiss franc, it finished at SwFr 1.6640, slightly up from the previous close of SwFr 1.6630 and the day's low of SwFr 1.6550. The Japanese yen was also weaker at Y199.30 from Y196.80, while the French franc eased from FFr 4.2475 to FFr 4.2550.



On Bank of England figures the dollar's index rose from 84.0 to 84.1.

Sterling opened at $2.0095 and rose to a high point during the morning of $2.0140. However by noon it had fallen back to around $2.0100 and with continued dollar strength, it fell to $1.9995 before recovering at the close to $2.0035-2.0045, a rise of 20 points from Friday's close. The pound performed steadily against other currencies and this was reflected in its trade weighted index, which rose to 63.5 at the close, compared with 63.4 on Friday, and having stood at 63.6 at noon and 63.5 in the morning.

FRANKFURT — The dollar was fixed at DM 1.8463 yesterday, down from Friday's level of DM 1.8500, and the Bundesbank bought around $4½m at the fixing. Although higher than earlier levels, trading in the U.S. currency gave something of a false picture with the closure of Japanese and New York markets for a holiday. Conditions were generally quiet with the effects of the present situation in Iran not likely to have much effect until today. In later trading the dollar was quoted at DM 1.8535 with the upward trend boosted by reduced demand for the D-mark.

PARIS — Contrary to most market expectations, the dollar improved against most currencies in fairly active trading yesterday. Against the franc it was quoted at Fr 4.2537½ compared with Fr 4.2312½ in the morning and Fr 4.2447½ on Friday. Elsewhere the French franc showed little change although sterling improved to Fr 8.5240 from Fr 8.5080.

ZURICH—Following its poor performance in Far Eastern centres, the dollar showed a slightly steadier tendency in early morning trading. The U.S. unit was quoted at SwFr 1.6550 compared with SwFr 1.6563 earlier and DM 1.8425 against DM 1.8416. There was still a good deal of nervousness in the market following the escalation of violence in Iran and the resignation of the Prime Minister.

MILAN—Despite a lower fixing level yesterday of L834.80 against L836.20 on Friday, the dollar was trading above its earlier level of L833.75 after support from the Bank of Italy. The D-mark showed a stronger tendency against the lira and was quoted at L452.23 from L452.08 previously.

AMSTERDAM—The dollar was fixed at Fl 1.9960 yesterday, down from its previous level of Fl 1.9995.

THE POUND SPOT / FORWARD AGAINST £

Feb. 12	Ba'k rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9995-2.0140	2.0035-2.0045	0.58-0.48c pm	3.17	1.62-1.52c pm	3.13
Canadian$	11¼	2.3800-2.4000	2.3920-2.3950	0.62-0.52c pm	2.86	1.95-1.85c pm	3.18
Guilder	6½	3.98-4.02	4.00½-4.01½	2¼-1¾ c pm	6.73	7¼-6¾ c pm	7.23
Belgian F	6	58.30-58.60	58.45-58.55	25-15 c pm	4.10	90-80 c pm	5.81
Danish K	8	10.22-10.30	10.28½-10.29½	2ore pm-par	1.17	2½-1ore pm	0.68
D mark	3	3.69½-3.72½	3.71-3.72	3⅜-2⅜ pf pm	9.29	8¼-8¼ pf pm	10.09
Port. Esc.	18	94.25-94.95	94.45-94.85	30-100 c dis	-9.24	20-220 c dis	-5.07
Span. Pes.	8	138.55-138.85	138.60-138.70	10-40 c dis	-1.30	20-120 c dis	-2.02
Lira	10½	1,670½-1,678½	1,674½-1,675½	2½-½ lire pm	1.07	7½-5½ lire pm	1.66
Nrwgn. K.	7	10.16½-10.19	*10.17½-10.18	4½-2½ ore pm	3.83	12½-10½ ore pm	4.62
French Fr.	9½	8.48-8.56½	8.52-8.53	4½-3½ c pm	5.98	13½-12½ c pm	5.98
SwedishKr	6½	8.69½-8.74½	8.72½-8.73½	4-2 ore pm	4.12	11½-9½ ore pm	4.93
Yen	3½	394-404	399-401	3.80-3.40y pm	9.60	10.75-10.35 y pm	10.56
AustriaSch	3¾	27.10-27.25	27.15-27.20	25-15 gro pm	8.83	70-60 gro pm	9.57
Swiss Fr.	1	3.31½-3.34½	3.33-3.34	4-3 c pm	13.59	11½-10½ c pm	13.64

Belgium rate is for convertible francs. Financial franc 59.25-59.35.
* Close for Nrwgn. Kr. on Feb. 9 should have read: 10.16¾-10.17¾.

Six-month forward dollar 2.97-2.87c pm, 12-month 5.25-5.15c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.9995-2.0140	2.0035-2.0045	0.58-0.48c pm	3.17	1.62-1.52c pm	3.13
Ireland	1.9995-2.0140	2.035-2.0045	0.58-0.48c pm	3.17	1.62-1.52c pm	3.13
Canada†	83.64-83.73	83.70-83.73	0.4-0.2c dis	-0.38	0.4-0.2c dis	0.14
Nethlnd.	1.9880-2.0020	2.0000-2.0020	0.65-0.60c pm	4.07	2.20-2.15c pm	4.47
Belgium	29.02-29.23	29.21-29.23	5½-4½c pm	2.25	19½-18c pm	2.65
Denmark	5.0970-5.1280	5.1220-5.1245	0.75-1.25ore dis	-2.27	2.85-3.35ore dis	-2.43
W. Ger.	1.8400-1.8530	1.8520-1.8530	1.02-0.97pf pm	7.02	3.25-3.20pf pm	7.02
Portugal	46.95-47.25	47.15-47.25	27-37c dis	-8.14	50-115c dis	-6.99
Spain	68.92-69.21	69.17-69.21	10-20c dis	-2.80	55-75c dis	-3.81
Italy	833.00-836.25	835.75-836.25	0.8-1.20lire dis	-1.44	2.90-3.40lire dis	-1.51
Norway	5.0590-5.0750	5.0720-5.0730	0.75-0.35ore pm	1.40	2.15-1.75ore pm	1.84
France	4.2340-4.2550	4.2525-4.2550	1.18-1.08c pm	3.18	3.35-3.20c pm	2.96
Sweden	4.3340-4.3505	4.3470-4.3480	0.80-0.60ore pm	1.78	2.40-2.20ore pm	2.05
Japan	197.80-199.40	199.20-199.30	1.35-1.20y pm	8.28	3.80-3.65y pm	7.61
Austria	13.475-13.562	13.552-13.526	6.75-6.00gro pm	6.08	21.0-19.0gro pm	6.00
Switz.	1.6525-1.6645	1.6630-1.6645	1.37-1.32c pm	10.50	4.41-4.37c pm	10.72

† U.S. cents per Canadian $.

CURRENCY RATES

February 9	Special Drawing Rights	European Unit of Account
Sterling	0.644696	0.677470
U.S. dollar	1.29023	1.35749
Canadian dollar	1.54195	1.62219
Austrian schilling	17.4729	18.3803
Belgian franc	37.8253	39.5706
Danish krone	6.61565	6.95234
Deutsche Mark	2.38893	2.50903
Guilder	2.57981	2.71157
French franc	5.48806	5.76658
Lira	1078.85	1135.19
Yen	256.111	269.053
Norwegian krone	6.55760	6.88736
Peseta	89.1794	93.8427
Swedish krona	5.61379	5.90640
Swiss franc	2.14852	2.25681

CURRENCY MOVEMENTS

Feb. 12	Bank of England Index	Morgan Guaranty changes %
Sterling	63.51	Unavail.
U.S. dollar	84.12	..
Canadian dollar	78.38	..
Austrian schilling	147.22	..
Belgian franc	114.56	..
Danish kroner	118.98	..
Deutsche Mark	150.21	..
Swiss franc	195.38	..
Guilder	124.72	..
French franc	99.79	..
Lira	54.39	..
Yen	144.63	..

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 12	£	$		Note Rates
Argentina Peso	3,140-3,160	1568-1078	Austria	26.75-27.75
Australia Dollar	1.7510-1.7710	0.8790-0.8800	Belgium	59-60
Brazil Cruzeiro	43.06-44.06	21.45-21.98	Denmark	10.23-10.33
Finland Markka	7.955-7.965	3.95-3.9620	France	8.45-8.55
Greek Drachma	72.042-73.802	35.95-36.80	Germany	3.66-3.75
Hong Kong Dollar	9.59-9.61	4.7860-4.7960	Italy	1,650-1,700
Iran Rial	153.30-165.50	76½-81½	Japan	395-405
Kuwait Dinar (KD)	0.546-0.556	0.2745-0.2765	Netherlands	3.95-4.05
Luxembourg Fr.	58.35-58.45	29.19-29.21	Norway	10.12-10.22
Malaysia Dollar	4.3750-4.3950	2.1860-2.1920	Portugal	89-98
New Zealand Dr.	1.8915-1.9015	0.9435-0.9455	Spain	139.50-144.50
Saudi Arab. Riyal	6.70-6.80	3.3500-3.3620	Switzerland	3.30-3.40
Singapore Dollar	4.3325-4.3525	2.1530-2.1650	United States	2.0020-2.0120
Sth. African Rand	1.7098-1.7323	0.8530-0.8640	Yugoslavia	40.5-42.5

* Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 12	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.004	3.716	400.0	8.525	3.335	4.013	1675.	2.393	58.50
U.S. Dollar	0.499	1.	1.854	199.6	4.254	1.664	2.002	835.8	1.194	29.19
Deutsche mark	0.269	0.539	1.	107.7	2.295	0.898	1.080	450.9	0.644	15.75
Japanese Yen 1,000	2.500	5.010	9.288	1000.	21.31	8.338	10.03	4188.	5.981	146.3
French Franc 10	1.173	2.351	4.358	469.2	10.	3.912	4.707	1965.	2.806	68.63
Swiss Franc	0.300	0.601	1.114	119.9	2.556	1.	1.203	502.2	0.717	17.54
Dutch Guilder	0.249	0.499	0.926	99.68	2.125	0.831	1.	417.4	0.596	14.58
Italian Lira 1,000	0.597	1.196	2.218	238.8	5.090	1.991	2.396	1000.	1.428	34.93
Canadian Dollar	0.418	0.838	1.553	167.2	3.563	1.394	1.677	700.1	1.	24.45
Belgian Franc 100	1.709	3.426	6.350	683.8	14.57	5.700	6.859	2863.	4.090	100.

EURO-CURRENCY INTEREST RATES

Feb. 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	13¼-13½	10¼-10⅜	8¼-9¼	7-7¼	par-⅛	3⅛-3¼	6⅝-6⅞	7-10		1⅛-3⅛
7 day's notice	13⅜-13⅝	10¼-10⅜	8¾-9¾	7-7¼	par-⅛	3⅛-3⅜	6⅝-6⅞	10-11	10⅛-10¼	2½-3½
Month	13⅝-13⅞	10⅜-10½	10⅝-11	6⅝-6⅞	par-⅛	3⅜-3½	7⅛-7⅜	12-13	10⅜-10½	1¾-2½
Three months	13⅝-13⅞	10⅝-11⅛	10¾-11⅛	6⅝-6⅞	⅛-⅛	3½-3⅝	7⅝-8⅛	13-14	10⅞-11	3⅛-3⅜
Six months	13⅝-13⅞	11⅛-11⅜	10⅞-11⅛	6⅝-6⅞	¼-⅜	4⅛-4⅜	8⅝-8⅞	13½-14½	11⅛-11¼	3½-3⅝
One year	13⅝-13⅞	11⅛-11⅜	10⅞-11⅛	6⅝-6⅞	¾-⅞	4⅜-4⅝	9⅛-9⅜	13½-14½	11⅛-11¼	3⅝-4⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.65-10.75 per cent; six months 11.00-11.10 per cent; one year 11.00-10.10 per cent.

Long-term Eurodollar deposits: two years 10⅜-10⅝ per cent; three years 10¼-10½ per cent; four years 10⅛-10⅜ per cent; five years 10⅛-10⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on February 12, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	82.00
Albania	Lek	10.0026
Algeria	Dinar	7.675
Andorra	French Franc	8.52½
	Spanish Peseta	138.65
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean $	5.4165
Argentina	Ar. Peso Free Rate	2150
Australia (S)	Australian $	1.7666
Austria	Schilling	27.17½
Azores	Portug. Escudo	94.65
Bahamas (S)	Ba. Dollar	2.0040
Bangladesh (S)	Taka	30.99(sg)
Bahrain (S)	Dinar	0.772
Balearic Isles	Spa. Peseta	138.65
Barbados (S)	Barbados $	4.008
Belgium	B. Franc	(cm) 58.50 (fn) 58.30
Belize	B $	4.008
Benin	C.F.A. Franc	426¼
Bermuda (S)	Bda. $	2.0040
Bhutan	Indian Rupee	16.425(sg)
Bolivia	Bolivian Peso	40.08
Botswana (S)	Pula	1.6606
Brazil	Cruzeiro	43.54
Br. Virgin Is (S)	U.S. $	2.0040
Brunei (S)	Brunei $	4.3425
Bulgaria	Lev	1.7640
Burma	Kyat	13.481
Burundi	Burundi Franc	179.57
Cameroun Rp	C.F.A. Franc	426¼
Canada	Canadian $	2.3935
Canary Isles	Spanish Peseta	138.65
Cape Verde I.	Cape V. Escudo	75.186
Cayman Is (S)	Cay. Is. $	1.6700
Cent. Af. Rp.	C.F.A. Franc	426¼
Chad	C.F.A. Franc	426¼
Chile	C. Peso	(Bk) 63.89
China	Renminbi Yuan	3.1620
Colombia	C. Peso	(F) 82.40
Comoro Is.	C.F.A. Franc	426¼
Congo (B'ville)	C.F.A. Franc	426¼
Costa Rica	Colon	17.25
Cuba	Cuban Peso	1.4516
Cyprus (S)	Cyprus £	0.7150
Czechoslovakia	Koruna	(com) 10.80 (n.c.) 21.70 (T) 17.65
Denmark	Danish Kroner	10.29¼
Djibouti	Fr.	325.0
Dominica (S)	E. Caribbean $	5.4165
Domin. Rep.	Dominican Peso	2.0040
Ecuador	Sucre	(O) 49.87 (F) 54.45 (U) 1.4025
Egypt	Egyptian £	[illegible]
Ethiopia	Ethiopian Birr	(P) 4.1550
Eq'tl Guinea	Peseta	138.65
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.29¼
Fiji Is.	Fiji $	1.6570
Finland	Markka	7.960
France	French Franc	8.52½
Fr.C'tyinAF	C.F.A. Franc	426¼
Fr.Guiana	Local Franc	8.52½
Fr. Pac. Is.	C.F.P. Franc	155.0
Gabon	C.F.A. Franc	426¼
Gambia (S)	Dalasi	3.9651
Germany (East)	Ostmark	3.715
Germany (West)	Deutsche Mark	3.715
Ghana (S)	Cedi	5.51(sg)
Gibraltar (S)	Gibraltar £	1.0
Gilbert Is.	Aust. Dollar	1.7666
Greece	Drachma	72.922
Greenland	Danish Kroner	10.29¼
Grenada (S)	E. Caribbean $	5.4165
Guadaloupe	Local Franc	8.52½
Guam	U.S. $	2.0040
Guatemala	Quetzal	2.0040
Guinea Rep.	Sily	38.817
Guinea Bissau	Peso	69.1157
Guyana (S)	Guyanese $	5.1102
Haiti	Gourde	10.02
Honduras Rep	Lempira	4.01
Hong Kong (S)	H.K. $	9.595
Hungary	Forint	(com) 72.66 (T)(n.c.) 36.55
Iceland (S)	I Krona	647.70
India (S)	Ind. Rupee	16.400
Indonesia	Rupiah	1,252.5(sg)
Iran	Rial	154.10
Iraq	Iraq Dinar	0.5907
Irish Rep	Irish £	1.00
Israel	Israel £	33.590
Italy	Lira	1,675
Ivory Coast	C.F.A. Franc	426¼
Jamaica (S)	Jamaica Dollar	3.4266
Japan	Yen	400.0
Jordan (S)	Jordan Dinar	0.597(sg)
Kampuchea	Riel	2484.8
Kenya (S)	Kenya Shilling	14.9756
Korea (Nth)	Won	1.76
Korea (Sth)	Won	968.85
Kuwait (S)	Kuwait Dina	0.551
Laos	Kip Pot Po	802.0
Lebanon	Lebanese £	6.1925
Lesotho	S. African Rand	1.72084
Liberia	Liberian $	2.0040
Libya	Libyan Dina	0.59327
Liecht'n'n	Swiss Franc	3.33½
Luxembourg	Lux Franc	58.50
Macao	Pataca	10.02
Madeira	Portug'e Escudo	94.65
Malagasy Rp.	MG Franc	426¼
Malawi (S)	Kwacha	n.a.
Malaysia (S)	Ringgit	4.3550
Maldive Is (S)	Mal. Rupee	7.8757
Mali Rp.	Mali Franc	852.5
Malta (S)	Maltese £	0.7250
Martinique	Local Franc	8.52½
Mauritania	Ouguiya	84.805
Mauritius (S)	M. Rupee	11.8582
Mexico	Mexican Peso	45.48
Miquelon	C.F.A. Franc	426¼
Monaco	French Franc	8.52½
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	5.4165
Morocco	Dirham	7.99
Mozambique	Moz. Escudo	65.086
Nauru Is.	Aust. Dollar	1.7660
Nepal	Nepalese Rupee	24.048
Netherlands	Guilder	4.01½
Neth. Ant'les	Antillian Guild.	3.58716
New Hebrides	Fr. Franc	138.0
	Aust. Dollar	1.7660
N. Zealand (S)	N.Z. Dollar	1.8965
Nicaragua	Cordoba	14.08
Niger Rp.	C.F.A. Franc	426¼
Nigeria (S)	Naira	1.275722(sg)
Norway	Nrwg. Krone	10.18
Oman Sultanate of (S)	Rial Omani	0.695
Pakistan	Pkst. Rupee	19.85
Panama	Balboa	2.0040
Papua N.G. (S)	Kina	1.3850
Paraguay	Guarani	251.75
P'ple's D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.68457
Peru	Sol	(exc) 405.51
Philippines	Ph. Peso	14.825
Pitcairn Is. (S)	£ Sterling / N.Z. Dollar	1.8965
Poland	Zloty	(cm) 62.74 (T) 62.74
Portugal	Pgse. Escudo	94.65
Port Timor	Timor Escudo	94.65
Principe Isle	Pgse. Escudo	94.65
Puerto Rico	U.S. $	2.0040
Qatar (S)	Qatar Ryal	7.72
Reunion Ile de la	French Franc	8.52½
Rhodesia	Rhodesian $	1.3867
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	185.26
St. Christopher (S)	E. Caribbean $	5.4165
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.4165
St. Pierre	C.F.A. Franc	426¼
St. Vincent (S)	E. Caribbean $	5.4165
Salvador El	Colon	5.01
Samoa American	U.S. $	2.0040
San Marino	Italian Lira	1,675
Sao Tome	Pgse. Escudo	94.65
Saudi Arabia	Ryal	6.75
Senegal	C.F.A. Franc	426¼
Seychelles	S. Rupee	13.33
Sierra Leone (S)	Leone	2.1264
Singapore (S)	Singapore $	4.3425
Solomon Is (S)	Solomon Is. $	1.7476
Somali Rep.	Som. Shilling	[illegible]
South Africa	Rand	1.72084
S.W. Africa Terr.	S.A. Rand	1.72084
Spain	Peseta	138.65
Spanish ports in N. Africa	Peseta	138.65
Sri Lanka (S)	S. L. Rupee	31.0545
Sudan Rep.	Sudan £	(A) 0.8015
Surinam	S. Guilder	3.5576
Swaziland (S)	Lilangeni	1.72084
Sweden	S. Krona	8.73½
Switzerland	Swiss Franc	3.33½
Syria	Syria £	[illegible]
Taiwan	New Taiwan $	72.144
Tanzania (S)	Tan. Shilling	15.25
Thailand	Baht	[illegible]
Togo Rep.	C.F.A. Franc	426¼
Tonga Is. (S)	Pa'anga	1.7675
Trinidad (S)	Trin. & Tobago $	4.8096
Tunisia	Tunisian Dinar	0.796
Turkey	Turkish Lira	50.10
Turks & C.	U.S. $	2.0040
Tuvalu	Australian $	1.7660
Uganda (S)	Ug. Shilling	14.61
United States	U.S. Dollar	2.0040
Uruguay	Uruguay Peso	[illegible]
Utd.A'bEmir.	U.A.E. Dirham	7.72
U.S.S.R.	Rouble	1.32
Upper Volta	C.F.A. Franc	426¼
Vatican	Italian Lira	1675
Venezuela	Bolivar	8.61
Vietnam	Dong	[illegible]
Virgin Is. U.S.	U.S. Dollar	2.0040
Western Samoa (S)	Samoan Tala	1.4440
Yemen	Ryal	9.05
Yugoslavia	New Y Dinar	37.8344
Zaire Rp.	Zaire	[illegible]
Zambia (S)	Kwacha	1.56

*That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 84.168. § Based on cross rates against Russian rouble. ** Rate is the Transfer Market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions, except countries having a bilateral agreement with Egypt, and are not members of IMF.

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INTERNATIONAL MONEY MARKET

European rates steady

Interest rates showed little change in major European centres yesterday, with call money unchanged in Frankfurt, Brussels and Milan.

In Paris day-to-day money eased slightly to 6⅝ per cent from 6¹¹⁄₁₆ per cent, while period rates were unchanged at 6⅝-6¾ per cent for one-month; 6⅞-6⅞ per cent for three-month; 6¾-7 per cent for six-month; and 7⅛-7⅜ per cent for 12-month.

FRANKFURT—Call money was unchanged at 3.75-3.85 per cent, but one-month rose slightly to 3.8-3.9 per cent from 3.75-3.85 per cent. Three-month was unchanged at 4.1-4.2 per cent and six-month was unchanged at 4.2-4.3 per cent, but 12-month eased to 4.55-4.65 per cent from 4.6-4.7 per cent.

BRUSSELS—Call money was unchanged at 7.55 per cent, and one-month at 8½-8¾ per cent. Three-month, six-month and 12-month rose to 8⅝-8⅞ per cent.

MILAN—Interest rates were unchanged at 10½-10¾ per cent; one-month at 11⅛-11⅜ per cent; two-months at 11¼-11½ per cent; and three-month at 11⅜-11⅝ per cent. Treasury bills circulating in Italy at the end of January totalled L39 trillion, compared with L31.8 trillion in January, 1978.

AMSTERDAM—Call money was quoted at 7½-8 per cent, compared with 7½ per cent on Friday. One-month rose to 7¼-7½ per cent from 7⅛-7⅜ per cent, and three-month to 7⅜-7⅝ per cent from 7⅛-7⅜ per cent. Six-month eased to 6⅞-7⅛ per cent from 7-7¼ per cent.

HONG KONG—The money market was easy, with call money dealt at 9 per cent and overnight at 7 per cent.

MANILA — Money market rates were unchanged, with 30-day maturities at 11-13 per cent; 60-day and 90-day at 11½-13½ per cent; and 120-day at 12-14 per cent.

GOLD

Slight rise

Gold rose by $1¾ an ounce to $244½-245¼ in the London bullion market yesterday in generally volatile trading. The metal opened at $247-248 and touched a high of $250½-251½ before falling back to $249.60 at the morning fixing. More selling developed around noon and the weaker trend continued after the opening of U.S. markets. The afternoon fixing showed a further fall to $244.25, although gold was quoted as high as $248.0.

In Paris the 12½ kilo bar was fixed at FFr 33,000 per kilo ($241.93 per ounce) compared with FFr 33,500 ($246.32) in the morning and FFr 32,100 ($235.28) on Friday afternoon.

	February 12	February 9
Gold Bullion (fine ounce)		
Close	$244½-245¼	$242½-243½
Opening	$247-248	$247-248
Morning fixing	$249.60 (£124.056)	$243.90 (£121.840)
Afternoon fixing	$244.25 (£121.975)	$246.75 (£123.018)
Gold Coins, domestically		
Krugerrand	$282½-286½ (£141-143)	$276¼-280¼ (£138-140)
New Sovereigns	$70-72 (£35-36)	$68½-70½ (£34¼-35¼)
Old Sovereigns	$71-73 (£34½-35½)	$71-73 (£35½-36½)
Gold Coins, internationally		
Krugerrand	$251½-253½ (£125¼-126¼)	$252-254 (£125½-126½)
New Sovereigns	$64½-66½ (£32¼-33¼)	$63½-65½ (£31¾-32¾)
Old Sovereigns	$71-73 (£34½-35½)	$71-73 (£35½-36½)
$20 Eagles	$320-326	$317-322
$10 Eagles	$176-181	$175-180
$5 Eagles	$117½-122½	$115-120

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 14 per cent (since February 8, 1979)

Short-term fixed period interest rates traded rather more steadily in the London money market, without any move by clearing banks on base lending rates, although one or two smaller banks have already increased their base rates to 13½ per cent or 14 per cent. In the interbank market three-month money eased to 13⅜-13⅝ per cent from 13⅝-14 per cent on Friday.

Day-to-day credit was in short supply, and the autorities gave a large amount of assistance by buying a moderate number of Treasury bills from the discount houses, and a moderate amount of eligible bank bills. The latter were bought for resale to the market at a fixed future date.

Banks brought forward surplus balances from Friday, and the market was also helped by a small number of net maturing Treasury bills, and a small excess of Government disbursements over revenue payments to the Exchequer. On the other hand there was a very small rise in the note circulation, a small adjustment of special deposits, and settlement of very large sales of gilt-edged stock.

Discount houses paid 12¾-13½ per cent for secured call loans at the start, with closing balances taken at 12-12½ per cent. Interbank overnight loans opened at 13¼-13½ per cent, and ranged between 12½-13¾ per cent for the most part before closing at 13½-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 12 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12½-14	—	—	—	13¾	12-13¼	—	—	—
2 days notice	—	—	13¼-13⅜	—	—	14	—	—	—	—
7 days or 7 days notice	—	—	—	—	—	14	14¼	—	—	—
One month	[illegible]	13⅜-13⅝	13⅜-13⅝	13⅜-13⅞	14	14⅛	13-13¼	12⅝	13⅛	13¾
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	14⅛
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 13⅝-14 per cent; four years 13⅝-14 per cent; five years 13⅝-14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅛-13⅜ per cent; four-month trade bills 14⅛ per cent.

Approximate selling rates for one-month Treasury bills 12⅝ per cent; two-month 12⅝ per cent; three months 12⅝-12⅞ per cent. Approximate selling rate for one-month bank bills 13⅛ per cent; two-month 13⅛ per cent; three-month 13⅛ per cent; one-month trade bills 13⅜ per cent; two-month 13⅜ per cent; and three-month 13⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 13.1154 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10
Treasury Bills (13-week)	9.26
Treasury Bills (26-week)	9.35
GERMANY	
Discount Rate	3
Overnight Rate	3.00
One month	3.65
Three months	3.90
Six months	4.10
FRANCE	
Discount Rate	9.5
Overnight Rate	6.625
One month	6.6875
Three months	6.8125
Six months	6.9375
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

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This announcement appears as a matter of record only.

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February 8, 1979

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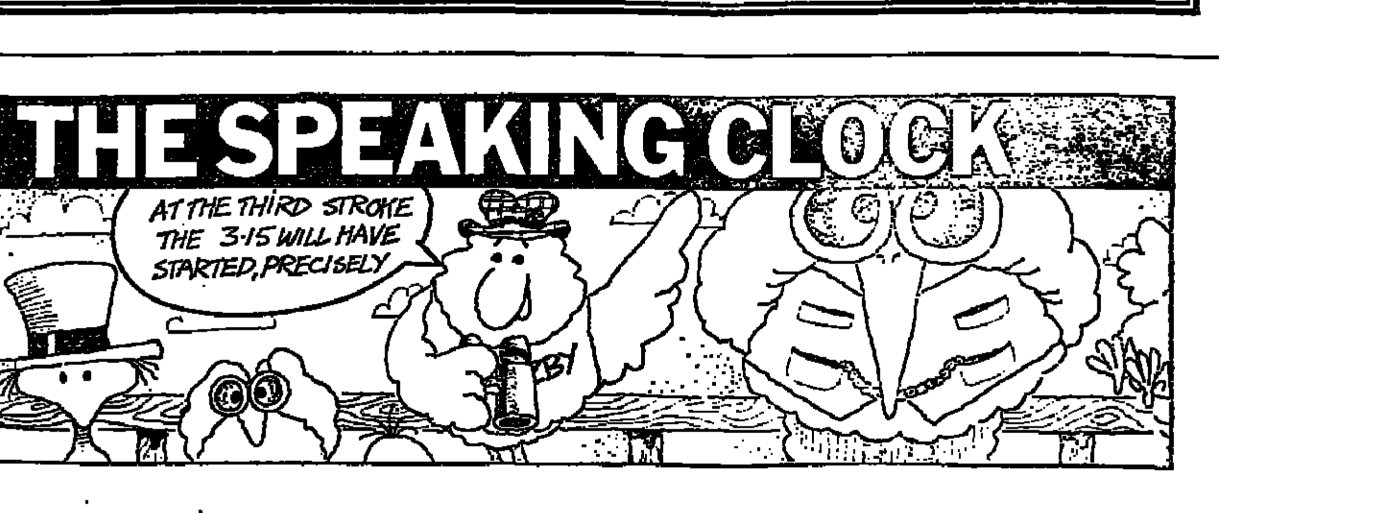
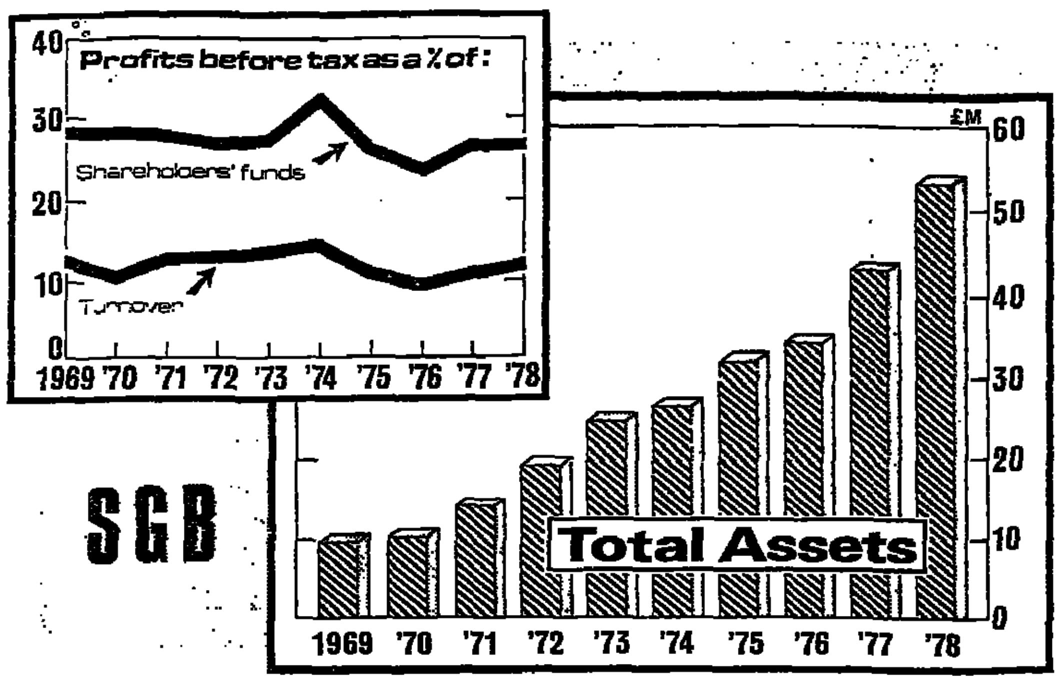


Some diverse scaffolding for SGB

BY RAY MAUGHAN

WHEN A company is almost totally reliant on one industry, its problems are had enough. When it holds a dominant share of a segment of highly cyclical business such as construction its position is even more precarious. Some 10 years ago. SGB Group sought to solve this problem through a programme of organic and acquisitive diversification and its recent results, culminating in profits of over £10m pre-tax for the first time, indicate that most of the right answers have been found.

At the end of the sixties, SGB was engaged almost entirely in the sale, hire and contracting of scaffolding. A ragbag of ancillary activities made only a negligible contribution to profits. Today, the group operates four major UK divisions and is taking an increasingly ambitious stake in overseas markets. New divisions take in timber and aluminium products, hire shops and mechanical plant hire which account for perhaps 30 per cent of domestic profits.



Not that its traditional scaffolding activities should be seen as a declining relic of an earlier age to be pruned, disbanded or disregarded. Far from it; SGB probably holds about half the market controlled by the independents and is one of three or four companies in a position to compete for really large contracts. And while the NEDO forecasts for new construction look gloomy, the scaffolding industry, at least, has enjoyed a stroke of luck.

Impetus

The enactment of New Health and Safety Acts in 1976 persuaded many contractors to put scaffolding work out to specialist sub-contractors rather than cope with stringent new legal requirements and SGB has been picking up a good slice of this new business. The group believes that the full benefits of this legislation are only now starting to come through and some analysts have estimated that this new impetus could add five points to the industry's recent 3½ per cent growth.

At the same time SGB has developed a new prefabricated scaffolding system. "Cuplok," and, having scooped the prize for Building Innovation last year the group expects to challenge and overtake the market leadership currently held by Richard Costain's scaffolding and formwork subsidiary, Kwik-form.

But the group's efforts to protect itself from the sharp swings of the building cycle and, at the same time, find new growth areas has inevitably captured much of the City's attention. The task has been made easier by the high cash flows and the consequent ready flexibility of financial resources inherent in the scaffolding business. That flexibility dominates the Board's diversification strategy, for any activity that ties up valuable capital in long lead times and high inventories will always be strenuously avoided.

The accounts published today for the year to end-September last give no divisional breakdown. But the returns at Companies House for the previous year revealed almost doubled profits of £1m from the Youngman Group subsidiary. Youngman has taken SGB into timber and aluminium access equipment, systems building and fork truck hire and each of these broadly-related activities has shown a worthwhile improvement.

Contractors' Services Group (CSG), purchased in 1974 for £2.25m in cash, was the latest significant acquisition and forms the foundation of SGB's involvement in the mechanical plant hire field. A resurgence in the demand for plant hire and the attendant upturn in margins have persuaded SGB to reinvest heavily in hire stock for the first time in the past few years, and the balance sheet shows a rise in stock levels from £22m to £33m. Finance has not been hard to find, for the adoption of SSAP 15 has freed some £6m of deferred tax while retentions last year climbed by £3m to £8.1m.

CSG has recently moved into the open-cast coal mining sphere through the acquisition of Lomount Construction. "We identified open-cast coal mining some time ago as the one area we wanted to get into," says deputy chairman Mr. Clive Beck, since it uses the same plant as CSG, which has a specialist interest in large operated plant used largely to remove unwanted material extracted in quarrying operations.

The last of the four major UK divisions, and potentially the most interesting if only because it brings SGB into contact with the consumer, is the HSS Hire Group. Taking in the hire of small plant such as power tools and other DIY necessities to the public, small builders and trade customers such as caterers and exhibitors, HSS achieves a rather higher margin than the other three sub-groups and looks set for significant expansion. SGB claims to have pioneered this market and the number of trading outlets, currently numbering 70, should be augmented by a further five branches this year.

The home market is still dominant, accounting for 85 per cent of pre-tax profits and 72.5 per cent of turnover last year. But overseas interests will receive much of SGB's expansionary effort this year. Continental operations are controlled under the umbrella of a 70 per cent owned holding company, Building Equipment Europe, which turned in pre-tax profits of £1.4m last year against £812,000.

A revival in West German construction prospects has tempted SGB back into the market after two earlier forays while the Dutch scaffolding and building equipment operations have succeeded in replacing declining orders related to super-tanker construction with more building work. Plant hire, a comparative newcomer to Holland, is seen as an area of considerable potential.

The French operation is now coming into its own after two or three years of heavy capital spending and start-up losses. The total investment in France will be lifted by around 50 per cent this year—largely represented by stock—as will the commitment to Australia where the contribution last time amounted to a £48,000 pre-tax profit against the previous £192,000 loss. SGB has obviously suffered from the Australian construction depression over the last few years but the group is confident of an upturn from the resource-related industries and pins substantial hopes on the exploration of the North West shelf.

The 50 per cent stake in a New York-based construction equipment company suffered a small loss last time, through a construction industry depression on the Eastern Seaboard, and a recent export-led revival has been knocked smartly on the head by events in Iran. SGB's commitment to the Middle East is mostly confined to direct exports but the group does hold 49 per cent stakes in joint ventures in Saudi Arabia and the United Arab Emirates. "The UAE have been disappointing over the last year or so," Mr. Beck concedes, "and Dubai and Sharjah have been very overbuilt although Dubai has been stable."

The plant hire industry in itself is enormously fragmented, not least in its various treatments of depreciation charges. SGB takes the most conservative line in this respect since the provision covers replacement cost.

Given the 13.6p rise in stated earnings per share last year (adjusting for the adoption of SSAP 15 in both years) the group's diversification programme can fairly be said to be working. Although no significant individual acquisitions are planned, several smaller companies may be added to the corporate stable in the near future. SGB attaches considerable importance to its traditional activities in the UK, at the same time, much is expected of Continental Europe, and it would be surprising if the hire shops were not to become a familiar sight in many British High Streets.

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	1978	1977
GROSS REVENUE	£2,018,086	£1,653,746
NET REVENUE AVAILABLE FOR ORDINARY STOCK	£1,009,919	£849,955
EARNED FOR ORDINARY STOCK (Net)	2.53p	2.22p
DIVIDENDS ON ORDINARY STOCK (Net)	2.45p	2.15p
INVESTMENTS—Valued at 30th November		
Total value including net current assets (1977 liabilities)	£32,283,820	£31,064,143
ATTRIBUTABLE TO ORDINARY STOCK	£29,751,120	£27,442,553
NET ASSET VALUE per unit of 25p	74.4p	71.8p

Final Dividend 1.70p net per unit of Ordinary Stock payable 9th March 1979.

Annual General Meeting—20 Fenchurch Street, London EC3P 3DB Thursday 8th March 1979 at 2.30 p.m.

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Early mild Wall St. loss on Iran situation

INVESTMENT DOLLAR PREMIUM
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MINOR LOSSES were recorded on Wall Street at mid-session yesterday after thin trading limited by a Bank holiday in New York.

The Dow Jones Industrial Average was a marginal 0.95 off at 821.47 at 1 p.m., while the

Closing prices and market reports were not available for this edition.

NYSE All Common Index was 9 cents lower at $54.78. Declines led gains by a two-to-one ratio and turnover came to 13.71m shares, down from last Friday's 1 p.m. figure of 17.84m.

Analysts said uncertainty about the rapid developments in Iran over the weekend and caution ahead of President Carter's news conference contributed to the easier tone.

However, they said recovery of the dollar after some early weakness and a reaction in the price of gold was helping to moderate the stock market's decline.

Analysts also cited inflation worries among market negatives. However, Carter said the Administration does not expect to see increases in wholesale prices as large as the 1.3 per cent rise recorded in January.

Central Telephone and Utilities topped the actives list and slipped ⅛ to $26¼. A block of 327,000 shares were traded at $26¼. Boeing, hit by profit-taking recently, lost ¾ to $68¼ in an active turnover.

Also among the actives, Xerox declined 1½ to $56¼, General Motors ½ to $54¼ and Ford Motor, which reportedly plans a front-wheel-drive car, ¼ to $40¼.

General Telephone and Electronics put on ¼ to $29¼ after reporting higher fourth-quarter profits. Signal also showed improved December quarter results but eased ¼ to $23¼. Asarco climbed ¼ to $19¼ on a good final quarter profit compared with a year ago loss.

Liggett, which plans to sell its domestic cigarette business, rose 2¼ to $40 in active trading. Pittston gained ¼ to $17¼.

THE AMERICAN SE Market Value Index managed an improvement of 0.16 to 160.24 at 1 p.m. on moderate volume of 1.81m shares (1.85m).

Volume leader Resorts International "A," however, lost 1¾ to $26¼, and Iroquois Brands shed $2 to $29¼ in active trading.

Oil and Gas issues were strong. Bow Valley added ¾ at $20¼, Houston Oil and Minerals ¾ at $18¼ and Dome Petroleum $1 at $90.

Active Chicago Rivet were unchanged at $30. It has agreed to be acquired by Mite for $31 a share cash. Mite gained ¼ to $14¼.

Canada

Markets were again firmer-inclined yesterday morning in fairly active trading with advancing Oil issues leading the way.

The Oils and Gas index moved ahead 23.7 more to 1,942.7 at noon, although the Toronto Composite index was only 0.2 harder at 1,372.3, held back by a decline of 10.4 to 1,242.4 by the Metals and Minerals sector. Golds put on 2.4 to 1,599.7.

In Montreal, Papers rose 0.61 to 156.51 and Utilities 0.20 to 199.72, but Banks lost 1.83 to 313.56.

Shell Canada rose ¾ to C$16¾ and Home Oil A C$1 to C$45¾. The companies have a gas find in the Alberta foothills.

Bow Valley Industries, which said that it has spudded a well offshore Vietnam in the South China Sea, gained ¾ to C$24¼.

Tokyo

The market was closed yesterday for National Founding Day.

Germany

Fears of business losses and unpredictable consequences for world oil prices after the apparent take-over of Iran by followers of Ayatollah Khomeini caused stock prices to retreat over a broad front. The Commerzbank index declined 8.8 to 792.2.

Machine Manufacturers were particularly weak, Linde falling 9.50 to DM280.00 and GHH 7.80 to DM221.20, and Babcock losing DM7.50. Dealers said the sector was heavily affected by the uncertainty over business interests in Iran.

Motor issues also showed marked depression, market sources attributing this to apprehension that gasoline prices may shoot up if Iran does not resume oil production and exports soon. Volkswagen receded DM4.40, BMW DM6.30 and Daimler-Benz DM5.80.

For BMW, the plunge was especially bad because the company recently announced record sales figures for the first weeks of 1979 and reported good preliminary results for 1978.

Banks, considered a barometer of anxiety about Iran, was another sector to fall sharply, with Commerzbank declining DM4.40, Deutsche Bank DM4.00 and Dresdner Bank DM2.80.

In Electricals, Siemens lost DM3.00. Siemens recently reported good 1978 earnings but also said that its Iranian operations had been largely disrupted.

Among Stores, Karstadt shed DM6.80, Kaufhof DM6.00 and Neckermann DM4.50. Losses were less severe in Chemicals, where Hoechst lost DM1.90.

On the Domestic Bond market, prices fell by up to 50 pfennigs in very thin trading, although some small gains were registered in longer-term paper. The Bundesbank bought a nominal DM2.1m of stock in Frankfurt.

Paris

News of the collapse of the Bakhtiar regime in Iran and fears of a prolonged cut-off of Iranian oil exports depressed Bourse prices in what brokers described as an active session. The Paris Bourse Industrials index receded 1.2 to 73.8.

Losses were widespread and especially heavy among Stores, Banks, Foods and Metals. Closing 7 per cent below Friday's prices were Penarroya and Credit du Nord. Olida and CEM each fell by 6 per cent, while Credit National, Locafrance, Pernod-Ricard, Galeries Lafayette, Paris-France, Demain, Esso, Europe 1, BIC, Bouygues, CIT-Alcatel, Suez and BSN Gervais Danone were among others to suffer sharp falls.

Australia

Uranium and Gold issues made headway, but other Mining leaders were mainly marked down in reaction to a fall in prices on the London metal exchange.

Kathleen Investments rose 10 cents more to A$3.40 and its parent company Queensland Mines a further 20 cents to A$3.55, still reflecting takeover rumours. Elsewhere in Uraniums, Pancontinental moved ahead A$1.30 to A$12.30, Peko-Wallsend 6 cents to A$5.76 and EZ Industries 5 cents to A$3.48.

Among Golds, Central Norseman gained A$1.00 more to A$20.20, Gold Mines of Kalgurli 8 cents to A$1.08, Poseidon 3 cents to 65 cents and Emperor 4 cents to 44 cents.

In contrast, MIM strong of late on the rise in copper prices, shed 5 cents to A$3.08, CRA receded 8 cents to A$3.62 ahead of interim results, due later this week.

In an irregular Oils sector, Woodside were quoted ex rights at 68 cents with the new shares at 23 cents.

Banks were generally easier on news of an increase in interest rates on Commonwealth Bonds, while the Industrials market closed on a mixed note.

ICI Australia reacted 6 cents to A$2.37, Elder-Smith 14 cents to A$2.72 and Hooker 3 cents to 89 cents. BHP, however, hardened 2 cents to A$9.88.

Switzerland

Scattered small losses occurred in quiet conditions.

One dealer said most investors, both buyers and sellers, stayed on the sidelines, to watch further developments in Iran, the oil situation, the dollar's course and the gold price.

Ciba Geigy lost 15 to SwFr 1,280 and Sandoz 50 to SwFr 4,175, but speculative interest left Georg Fischer 5 up at SwFr 700, EG Laufenburg 50 firmer at SwFr 1,990 and KW Laufenburg also 50 higher at SwFr 2,050.

Milan

Stock prices closed mixed after late support action by State Banks and technical demand reversed in part an earlier ternd.

Bank demand, in quiet trading, was focused on State-owned issues, chiefly Italsider, Finsider and SME.

Covering operations, in view of next Friday's settlements, were centred on Miralanza and Invest.

Leading Industrials were generally lower on fears of a possible oil shortage as a result of Iran's crisis.

Oil problems, which were behin dthe market decline at the very beginning of the session, especially conditioned the trend of Fiat shares, which retreated 26 to L2,776.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

† Bid. ‡ Asked. § Traded. ‖ New stock.

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Amro Bank	12½%	C. Hoare & Co.	†12½%
American Express Bk.	14 %	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	14 %	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Bremar Holdings Ltd.	13½%	National Westminster	12½%
Brit. Bank of Mid. East	12½%	Norwich General Trust	12½%
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Canada Perm't Trust	12½%	Rossminster	12½%
Cayzer Ltd.	14 %	Royal Bk. Canada Tst.	12½%
Cedar Holdings	12½%	Schlesinger Limited	12½%
■ Charterhouse Japhet	13½%	E. S. Schwab	13½%
Choulartons	12½%	Security Trust Co. Ltd.	13½%
C. E. Coates	12½%	Shenley Trust	14 %
Consolidated Credits	12½%	Standard Chartered	12½%
Co-operative Bank	*12½%	Trade Dev. Bank	12½%
Corinthian Securities	12½%	Trustee Savings Bank	12½%
Credit Lyonnais	12½%	Twentieth Century Bk.	13½%
Duncan Lawrie	12½%	United Bank of Kuwait	12½%
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Eagil Trust	12½%	Williams & Glyn's	12½%
English Transcont.	12½%	Yorkshire Bank	12½%
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EUROPEAN OPTIONS EXCHANGE

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JOHANNESBURG

SPAIN ♥

MILAN

VIENNA

BRAZIL

CANADA

FRIDAY'S ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Pig disease strikes six farms

By Christopher Parkes

MORE THAN 5,000 pigs have been slaughtered on Humberside in the past few days following the mysterious reappearance in Britain of swine vesicular disease (SVD) after an absence of about 20 months.

Ministry of Agriculture vets confirmed outbreaks on three farms during the weekend and one yesterday, bringing the total in the past ten days to six.

These cases are the first to be reported in this country since the end of June, 1977, and are causing special concern because they have appeared in the most intensively stocked pig farming region of the country.

Experts from the Ministry's Animal Health Division are now desperately trying to track down the source of the infection and prevent it from cutting a swath through the 600,000 pigs kept in the area.

SVD first appeared in Britain in 1972 and caused a scare firstly because the symptoms are similar to those of foot and mouth disease and secondly because then the ailment was unknown.

The primary source of infection at that time was believed to be improperly prepared swill. A compulsory slaughter scheme and restrictions on movements of stock brought the disease under control after five years. In the interim 215,000 pigs were slaughtered and compensation cost taxpayers an estimated £6m.

Move to raise European zinc price to $800

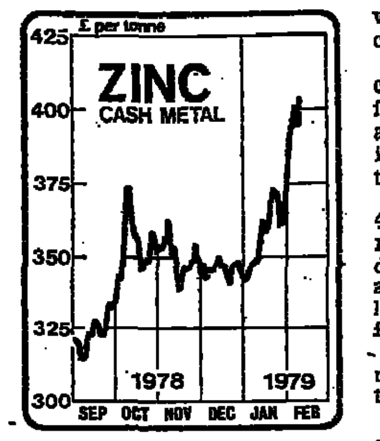
BY JOHN EDWARDS, COMMODITIES EDITOR

A RISE in the European zinc producer price, from $760 to $800 a tonne—the highest ever level—was announced yesterday by Société de Prayon, Belgian producers. The move by Prayon is expected to be followed by other producers, who are anxious to restore zinc prices to "profitable" levels.

Zinc values on the London Metal Exchange, where the cash price rose yesterday by £9.25 to £403.75 a tonne, are currently well above a producer price of $800 a tonne bearing in mind that the LME price is an ex-warehouse quotation, so about $60 in delivery charges, on average, has to be added.

The last European zinc producer price was initiated less than a month ago when Penarroya lifted the price from $720 to $760 a tonne. But at the time it was indicated that the rise was only "modest" and that prices needed to be raised substantially more to compensate for the increases in production costs since 1975 when the producer price was $795 at one stage.

It was subsequently cut to a low of $550, before producers cut production severely to reduce the surplus stocks overhanging the market and depressing prices.



During the metals "boom" in the past four weeks, zinc values on the Metal Exchange have jumped by some £50, following the uptrend in copper and zinc's sister metal, lead, to the highest level for nearly two years.

At the same time U.S. domestic zinc prices, which have an important relationship to the European market, have been raised by 2 cents to 37.50 cents a lb.

Other base metal markets were generally subdued yesterday. Copper cash wirebars closed £5.25 higher at £956 a tonne, but trading activity was much quieter than recently and values moved somewhat erratically.

This was despite the fact that copper held in LME warehouses fell by a larger than expected amount of 10,125 tonnes reducing total holdings to 308,950 tonnes.

A rise in lead stocks, up by 450 to 15,300 tonnes, took the market by surprise as a small decline had been forecast. As a result, values eased with cash lead closing £2.75 lower at £517.75 a tonne.

Tin stocks also confounded market predictions rising by 45 to 1,835 tonnes.

The market, however, shrugged off the stocks rise and a sharp fall in Penang over the weekend, which it was claimed only brought the Malaysian market into line with London. Buying demand helped lift standard grade cash tin to close £60 up at the close at £7,230 a tonne.

Aluminium on the Exchange moved ahead, despite a rise of 235 tonnes in warehouse stocks raising total holdings to 13,100 tonnes. The cash price rose by £9.5 to £721.5 a tonne, and the three months quotation to £727.5 in "thin" trading conditions.

LME silver holdings fell by 190,000 to 20,720,000 ounces.

Sugar sales to Russia confirmed

By Richard Mooney

THE SOVIET Union has bought 280,000 tonnes of sugar—mostly whites—from Sucres et Denrees and a UK merchant M. Maurice Varsano, chairman of the French trade house said yesterday.

But London traders said yesterday they thought the sugar did not represent additional Russian demand. Soviet production is estimated at around 9m. tonnes, while imports from Cuba had been expected to account for a further 4m. tonnes. The traders doubted that Russia needed more than 13m tonnes of sugar.

It was more likely, they argued, that the sale to the USSR was part of a swap arrangement intended to release Cuban sugar for sale on the world market.

The Cubans are believed to be anxious to fulfil their current world market export quota under the International Sugar Agreement (ISA) in order to strengthen their negotiating position when the quotas are renegotiated later this year.

Even if this is the case, however, the news could be seen as mildly "bullish" as most of the white sugar in question is thought to emanate from the EEC, which is not a member of the ISA and whose exports are therefore not subject to the same disciplines as most raws producers.

NZ DAIRY INDUSTRY

UK the only outlet for butter sales

BY DAI HAYWARD IN WELLINGTON

THE threatened loss of the British butter market would mean the virtual collapse of the efficient New Zealand dairy industry which at present provides 26 per cent of the country's agricultural export earnings.

This is no exaggerated scare picture, but the considered opinion of leading New Zealand economists and agricultural leaders. No matter how hard New Zealand looks for alternative customers, there is simply no other market which can absorb the quantity of butter now shipped to Britain.

Although New Zealand's total dairy exports to the UK have been dramatically reduced over the past few years, Britain is still the major customer for New Zealand butter.

In 1964, 91 per cent of New Zealand's total dairy export earnings came from the UK. In 1978 the UK was the source of only 36 per cent of total dairy receipts—but still provided 86 per cent of butter export earnings.

Guaranteed access of New Zealand's butter to Britain has been scaled down from 138,000 tonnes in 1977 to 125,000 tonnes in 1978. This year it will be cut again to 120,000 tonnes and next year to 115,000 tonnes.

The bewildered New Zealand dairy farmer is not impressed by EEC suggestions that price increases have compensated for the cut in supplies. There was no increase between January, 1976, and October, 1977, when the cif price was increased by 10 per cent. Dairy farmers claim, with some justification, that world inflation over the period was much higher than the 10 per cent price rise.

In the last decade, New Zealand dairy farmers' costs have increased 150 per cent. At the same time, dairy prices have increased by only 100 per cent. Producers have met this by increasing output per hectare and by some farm amalgamation.

New Zealand has reduced its total dairy herd by a fifth in the last decade. At the same time the size of the average herd on a one-man dairy farm has increased from 86 to 119 cows.

Visiting overseas officials, particularly from EEC countries, are frequently staggered to find a dairy farmer milking more than 100 cows twice a day, with sometimes only some help from a wife or son. Production per cow has also increased steadily over the past decade, although the disastrous drought in 1978 was a setback.

The vital importance of the British butter market is not confined to New Zealand dairy farmers. Over the past few months there has been a growing realisation of this. British shipping companies will lose a lucrative trade and have problems finding alternative cargoes.

British car makers and exporters will see more of their New Zealand market lost to Japan and other countries if New Zealand loses the $NZ 233m (£124m) earnings from sales to Britain.

And of course, the New Zealand economy, already staggering under the serious balance of payments problem, could suffer an irreparable blow. Recent efforts—including a personal visit from Deputy Prime Minister Mr. Brian Talboys—to try and break through American restrictions on butter imports, met with no success. New Zealand sells only token quantities of butter to the U.S., and the domestic dairy industry remains bitterly opposed to any lowering of barriers against butter imports.

France rejects MCA compromise

BY MARGARET VAN HATTEM IN BRUSSELS

FRANCE YESTERDAY rejected EEC Commission compromise proposals aimed at resolving the dispute over farm pricing arrangements which is delaying the introduction of the European Monetary System.

The proposals, which followed closely a draft paper submitted by Germany last week, pay little more than lip service to the French demands that monetary compensatory amounts should not grow on a permanent basis.

The French are believed to consider they can wring a few more concessions from the Germans and are expected to press the issue during a bilateral summit later this month.

Meanwhile Italy and Britain, angered by what they consider stalling tactics on the part of the others, are threatening to bring the whole working of the Common Agricultural Policy to a halt, unless their demands are met.

Most of the meeting so far has dealt generally with the question of green money policy and MCAs, despite repeated attempts by Italy and the UK to get a decision on the immediate 5 per cent green devaluations the Commission has proposed for them.

Italy badly wants its devaluation. Mr. John Silkin, the UK Minister, has said he does not mind which way the decision goes so long as Britain and Italy get the same treatment.

According to the British Minister, Italy has threatened to oppose the extension of EEC agricultural marketing years on March 31 if the devaluation is not agreed by then and Mr. Silkin said that Britain would support Italy if the question were not resolved, one way or the other, by that date.

Britain and Italy would together have enough votes to block extension of the marketing year which would halt Community support for those products affected, that is dairy products and beef.

However the threats are seen here as part of the normal farm price review sabre-rattling and are not being treated very seriously.

Amax follows nickel rise

By Our Commodities Editor

ANOTHER STEP towards stability in the world nickel market was taken yesterday when the Amax group confirmed it was raising its prices in line with the restored producer prices announced recently by International Nickel of Canada.

Amax said, effective immediately, its nickel briquettes would cost $2.05 per pound and its nickel corrugates and ASP nickel, $1.96 per pound.

Similar increases were announced on Friday by the French-based Le Nickel group.

It is generally recognised that demand for nickel, in common with other metals, has improved this year, although free market prices have remained fairly stable.

Bigger Brazil coffee crop forecast

RIO DE JANEIRO—The Brazilian Coffee Institute (IBC) forecasts Brazil's forthcoming (1979-80) coffee crop at 21.3m bags (60 kilos each) compared with 20m bags in 1978-79.

Since Brazil's annual coffee production capacity, based on its tree population, is about 24.5m bags, the forecast shows Brazil will lose about 3.2m bags because of the frost last August, the IBC said.

This announcement brought a mixed response on the London futures market. Prices fell quite sharply in the morning but recovered equally sharply in the early afternoon helped by currency movements and a steadier New York opening. The May position ended the day £0.5 down at £1,326.5 a tonne.

Taxation and traders

THE TAX treatment of profits or losses incurred through commodity trading is the subject of a conference to be held in London later this month.

Entitled "Commodity Transactions and their Taxation," the conference will take place on Thursday, February 22, at the Carlton Tower Hotel.

UN 'under attack over mining'

BY BRIJ KHINDARIA IN GENEVA

A CONCERTED attack by private corporations interested in deep sea mining is seriously affecting the work of a major conference to develop a new law of the sea and is undermining the credibility of the entire United Nations system, a senior UN official said here.

Mr. Bernardo Zuleta, a UN under-secretary general, refused to name the companies involved in the alleged attack but said that its aim is to deliberately harm the UN and distort the purpose of the Law of the Sea Conference.

With 160 member nations, the conference is the largest ever exercise in international bargaining on concrete economic, political and legal issues. Mr. Zuleta was speaking a day before the close of a three-week session of informal negotiations here to pave the way for a plenary conference session in Geneva in March.

The international corporations are interested only in some limited aspects of seabed mining and have hired experts to undermine the conference by describing it as a one-issue negotiation aimed at giving developing nations undue power over exploitation of the mineral wealth buried in the sea beds, Mr. Zuleta said.

Although few firms are even at the stage of testing equipment on an industrial scale for deep sea mining operations, they claim that the six-year-old Law of the Sea Conference is progressing too slowly.

This is an unfair charge in view of the 340 articles being discussed for an international treaty which will govern almost every aspect of ocean life for decades to come, he added.

In addition to deep-sea mining, the Law of the Sea Conference deals with key issues such as territorial waters, fishing zones, continental shelf zones, dispute settlement procedures, ownership of resources found in the sea, the share-out among nations, and the protection of marine environment.

Private enterprise is trying to make the negotiations look like a confrontation between incompetent developing countries who dominate the UN by sheer numbers and a sophisticated elite of industrialised nations who are "victims of the new order," Mr. Zuleta explained.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Quieter on the London Metal Exchange than in recent trading sessions. Speculative buying initially took forward metal from £950 to £975 but then levels failed to hold, and after speculative liquidation on New York the price touched £965. In the afternoon it recovered to £975 but then slipped to finish at £969.5 after a nervous session. Turnover 30,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	951.5	+2.75	955-7	+5.25
3 months	968-.5	+5.75	972.5-3	+4.5
Settl'm't	968.5	+2.5	—	
Cathodes				
Cash	938.9	+1	942-4	+6
3 months	954.5		958-.5	+5
Settl'm't	959	+1	—	
U.S. Smt.	—		87-89	

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £970, 69, 70, 70.5, 70, 71, 70, 69, 68.5, 68. Cathodes, three months £955. Kerb: Wirebars, three months £969, 70, 70.5, 71, 71.5. Afternoon: Wirebars, three months £967, 66, 66.5, 67, 67.5, 71, 70.5, 71, 71.5, 72, 72.5. Cathodes, three months £959. Kerb: Wirebars, three months £971, 73, 74, 75, 74, 73, 71, 70.5, 70.

TIN—Steady in more relaxed trading than of late. Following the fall in the East over the weekend—an alignment with London prices—forward metal started at £7,140 but ran into profit-taking. A low for the day of £7,080 was reached before good buying, mainly of a trade and stop-loss nature, entered the market. Turnover 4,040 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7230-80	+115	7215-50	+37.5
3 months	7100-15	+50	7200-20	+10
Settlem't	7280	+100	—	
Standard				
Cash	7145-50	+55	7220-40	+60
3 months	7095-100	+47.5	7175-85	+80
Settlem't	7150	+55	—	
Straits, E.	‡$1861	+54	—	
New York	—		—	

Morning: Standard, three months £7,080, 90, 80, 90, 95, £7,100, £7,090, 85, 90, £7,100. High grade, three months £7,100, £7,115. Kerb: Standard, three months £7,095, 7,100, 7,115. Afternoon: Standard, three months £7,100, 20, 30, 50, 70, 80, 85. Kerb: Standard, three months £7,180, 85, 90.

LEAD—Lower in a market lacking fresh features. After starting at £493-£495, forward metal slipped to £490 on news of a warehouse stocks increase. The price then fluctuated between £486 and £490 for the rest of the day, closing on the Kerb at £489.5. Turnover 9,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	515.5-6.5	-1	517-8.5	-2.75
3 months	485-6	-5	489-90	-5.5
Sett'ment	516.5	-1.5	—	
U.S. Spot	—		42-4	

Morning: cash £516, 17, 18, 16, three months £488, 86, 85, 86, 87, 86, 85.5, 86, 87, 86, 86, 88, 86. Kerb: three months £486, 86.5, 87, 86.5. Afternoon: three months £485, 86, 89. Kerb: three months £489, 90, 89.5, 89, 88.5, 89, 89.5.

ZINC—Gained ground against the background of a French producer price rise. Tending to follow the movements of copper, forward metal rose from £409 to £414 before losing ground. Later it climbed to £416 and closed on the Kerb at £412.5. Turnover 8,900 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	396.5-7	+1.25	403.5-4	+8.25
3 months	412-.5	+1.5	416.5-7	+7.5
S'ment	397	+1	—	
Prim.west	—		56.5-7.5	

Morning: cash £397, three months £411, 12, 11.5, 12. Kerb: three months £413, 14. Afternoon: three months £414, 13, 12, 16, 17, 17.5, 17, 16.5. Kerb: three months £417, 17.5, 18, 16, 16.5, 15, 14, 13.

ALUMINIUM—Higher in thin trading as forward metal started at £710 and remained just above this level for most of the morning before advancing to £718 in the afternoon. The close on the Kerb was £716. Turnover 4,350 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	713-6	+1	720-3	+9.5
3 months	710-1	+5.5	717-8	+12

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: three months £710, 11, 10, 9.5, 10. Afternoon: three months £710, 12, 14, 15, 16, 17. Kerb: three months £718, 17, 16.

SILVER

Silver was fixed 16.4p an ounce higher for spot delivery in the London bullion market yesterday at 366.4p. U.S. cent equivalents of the fixing levels were: Spot 736.5c, up 36.1c; three-month 754.2c, up 37.2c; six-month 767.9c, up 37.0c; and 12-month 793.2c, up 36.5c. The metal opened at 362½-365½p (730-735c) and closed at 363.4-365.4p (728-732c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	366.4p	+16.4	364.1p	+5.2
3 months	378p	+17.0	375.6p	+5.5
6 months	387.6p	+16.7	—	
12 months	405.1p	+17.8	—	

LME—Turnover 255 (333) lots of 10,000 ozs. Morning: Three months 380.4, 80, 79.8, 79.5, 79.5, 79.4, 79.3, 79.5, 78.5, 78, 78.1, 78. Kerbs: Three months 378.5, 78.8, 79, 79.1, 79.2, 79.3. Afternoon: Three months 376, 76.3, 376, 76.3, 76.7, 76.8, 76.5, 76.3, 76.5, 76, 75.5, 75, 75.5. Kerbs: Three months 376, 77.5, 77.3, 77, 76.8, 76.7, 76.8, 76.

COCOA

Strong Commission House interest moved the futures limit up initially but profit-taking during late dealings pared gains for prices to close at the day's lows, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1789.0-90.0	-61.0	1850.0-1768.0
May	1838.0-39.0	-39.0	1894.0-1836.0
July	1883.0-84.0	-34.0	1933.0-1883.0
Sept	1905.0-06.0	-35.0	1948.0-1905.0
Dec	1927.0-29.0	-36.0	1965.0-1926.0
March	1941.0-43.0	-36.0	1985.0-1940.0
May	1945.0-70.0	-36.0	—

Sales: 5,305 (5,886) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price for Feb. 12: 162.01 (158.03). Indicator prices for Feb. 13: 15-day average 158.15 (156.09); 22-day average 158.35 (156.08).

COFFEE

ICO Indicator prices for Feb. 12: (U.S. cents per pound): Colombian Mild Arabicas 128.00 (121.00); unwashed Arabicas 128.00 (121.00); other Mild Arabicas 122.33 (122.50); Robustas ICA 1976 133.00 (same); Robustas ICA 1968 127.92 (133.50). Daily average 131.47 (129.65).

Although due slightly up against its New York counterpart London coffee opened £5-10 lower following news that Brazil's forthcoming crop forecast 1979-1980 was 1.3m bags higher compared with the revised final estimate for 1978-79, reported Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1422-1424	+05.0	1430-1396
May	1326-1327	-00.5	1331-1310
July	1281-1282	-06.5	1292-1276
September	1240-1242	-05.5	1249-1232
November	1208-1203	-05.0	1208-1197
January	1169-1173	-01.5	1177-1166
March	1141-1148	-0.90	1148-1155

Sales: 3,616 (5,656) lots of 5 tonnes.

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 15p up on wheat and 25p up on barley old crops, new crop unchanged. Volume was reasonable and wheat values increased to close 45-50p higher due to good consumer demand. Barley also rallied on good buying interest and closed steady 60-75p up on the day. New crop values increased basically due to lack of sellers to close 20-25p up on wheat and 10-60p up on barley in very thin trading, reported Acli.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mar.	95.70	-0.05	88.90	+0.70
May	97.00	+0.50	92.00	+0.75
Sept.	90.30	+0.25	84.15	+0.10
Nov.	93.60	+0.20	87.50	+0.40
Jan.	96.90	-0.20	90.90	+0.60

Business done—Wheat: March 93.70-93.60, May 97.00-96.80, Sept. 90.30-90.10, Nov. 93.60-93.55, Jan. no trade. Sales: 162. Barley: March 88.90-88.50, May 92.00-91.60, Sept. 84.15-84.05, Nov. 87.50-87.25, Jan. 90.85-90.85. Sales: 164.

Barley: English Feed fob Feb. 92.50, March 93.50, April-June 94.50 East Coast.

Sorghum and oats: unquoted.

HGCA—Location ex-farm spot prices. Other Milling Wheat: Eastern 91.60. Feed Barley: South East 89.80, South West 90.20.

The UK monetary coefficient for the week beginning February 12 remains unchanged.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2, 14 per cent Feb. 96.25, March 94.25, transhipment East Coast. U.S. Hard Winter 13½ per cent Feb.-March 89.25 transhipment East Coast. EEC wheat unquoted. Maize: U.S. French Feb. 109.00, March 110.00 transhipment East Coast. S. African White second-half Feb./first-half March 73.00 Glasgow. S. African Yellow second-half Feb./first-half March 73.00 Glasgow.

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported the Malaysian godown price was 249 (250) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	61.20-62.00	62.00-62.50	62.20
April	62.00-62.50	62.00-62.50	62.00
Apr-Jne	62.00-62.25	62.00-62.25	62.25-62.00
Jly-Sept	63.85-64.00	63.80-63.85	64.00-63.80
Oct-Dec	65.45-65.50	65.50-65.55	65.45-65.10
Jan-Mar	66.95-67.00	66.90-67.00	66.95-66.60
Apr-Jne	68.20-68.45	68.50-68.55	68.45-68.10
Jly-Sept	70.75-71.00	72.00-72.05	72.49
Oct-Dec	73.75-73.80	73.70-73.75	—

Sales: 265 (392) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 60.50p (60.75); March 60.50p (60.25); April 61.25p (same).

SUGAR

LONDON DAILY PRICES (raw sugar): £100.00 (same) a tonne cif for Feb.-March shipment. White sugar daily price was fixed at £102.00 (£101.00).

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.95 a tonne for home trade and £169.50 (£167.50) for export.

	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	105.20-05.25	104.50-04.60	105.50-04.65
May	110.70-10.75	109.70-09.75	111.40-09.80
Aug.	114.80-14.95	113.65-13.70	115.50-14.00
Oct.	117.75-17.80	116.85-16.90	118.10-16.85
Dec.	120.25-20.30	119.00-19.10	120.50-19.50
March	125.60-25.65	124.05-24.55	125.65-24.75
May	128.00-28.05	126.50-27.25	—

Sales: 2,486 (2,806) lots of 25 tonnes.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Feb. 12: Daily 8.08 (7.91); 15-day average 7.64 (7.60).

SOYABEAN MEAL

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
February	154.00	+0.50	155.00
April	150.20-50.4	+1.50	151.70-29.70
June	151.80-51.4	+1.30	133.00-30.30
August	132.30-32.7	+1.00	134.00-31.10
October	130.00-31.5	+1.50	131.50-30.00
December	128.00-29.5	+4.00	129.00-28.10
February	127.00-30.0	+2.00	—

Sales: 2,486 (2,057) lots of 25 tonnes.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron Contract: March 361.1-362.0, 361.2-359.5, 85; May 365.0-369.0, 366.5-364.5, 40; July 375.0-375.5, 375.5-373.0, 59; Oct. 376.0-377.0, 377.0-376.0, 63; Dec. 381.0-382.5, 383.0-378.0, 92; March 387.0-388.0, 386.0-383.0, 20; May 387.0-389.0, 388.0-388.0, 1; July 390.5-392.0, 390.0-389.0, 20. Sales: 380.

LONDON GREASY—Close (in order buyer, seller). Australian: March 214.0-20.0, May 225.0-28.0, July 225.0-30.0, Oct. 230.0-38.0, Dec. 231.0-40.0, March 234.0-44.0, May 235.0-44.0, July 236.0-47.0. Sales: 4.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 180.00-84.00, May 186.00-87.00, July 185.00-90.00, Oct. 190.00-94.00, Dec. 190.00-96.00, March 191.00-97.00, May 193.00-99.00, July 193.00-99.00. Sales: nil.

Dull and featureless, reported Bache.

COTTON

COTTON—Spot and shipment sales in Liverpool amounted to 408 tonnes. Orders were on a free scale and business developed more extensively. Most attention was centred on African styles, with renewed purchases in Central and South American qualities.

*

GRIMSBY FISH—Supply good, demand moderate. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£4.20, codling £2.40-£3.30; large haddock £4.70-£5.00, medium £3.90-£4.50, small £3.20-£3.80; large plaice £3.00-£3.60, medium £2.65-£3.00, best small £2.65-£3.00; large skinned dogfish £9.00, medium £7.00; medium lemon soles £9.50; saithe £2.00-£3.00.

*

TEA—Demand was good for the 49,099 packages offered at yesterday's London auction. North Indians sold readily but were often 3p. lower because of reduced quality. Africans, however, were irregularly dearer. Price indications: Quality, 128p per kilo; medium, 117p per kilo; Plain, 80p per kilo.

*

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets for week ending February 10. GB: Cattle 72.15p per kg l.w. (−0.40); UK: Sheep 143.9p per kg. est.d.c.w. (+3.0); GB: Pigs 60.4p per kg. l.w. (−1.3). England and Wales: Cattle numbers up 5.0 per cent, average price 72.50p (−0.51); Sheep numbers up 10.6 per cent, average price 144.3p (+2.5); Pig numbers down 1.2 per cent, average price 60.2p (−1.5). Scotland: Cattle numbers up 14.0 per cent, average price 70.93p (+0.14); Sheep numbers down 5.5 per cent, average price 141.0p (+5.6); Pig numbers up 16.3 per cent, average price 63.8p (no change).

SMITHFIELD—Prices in pence per pound. Beef: Scotch killed sides 55.0 to 59.0; Eire hindquarters 62.0 to 65.0, Eire forequarters 44.0 to 47.0. Veal: English fats 76.0 to 82.0, Dutch hinds and ends 94.0 to 98.0. Lamb: English heavy 50.0 to 56.0. Scotch heavy 50.0 to 56.0. Imported frozen: NZ PL new season 48.0 to 51.0, NZ PM new season 50.0 to 51.0. Pork: English, under 100 lbs 36.5 to 46.0, English 100-120 lbs 36.5 to 43.5, English 120-160 lbs 34.0 to 42.0.

COVENT GARDEN—Prices in sterling per package. Imported produce: Lemons—Italian: 120's 4.20-4.50; Cyprus: Trays 3.30-4.00, cartons 80/180's 3.50-6.50; Spania: Trays: 30/40/45 1.60-1.80. Oranges—Spania: Navels/Navelines 3.40-4.00; Israeli: Shamouti 3.95-4.85; Cyprus: 3.00-4.30; Moroccan: Navels 3.60-3.80. Sevilles—Spanish: Sours 4.00. Clementines—Spania: 5.00-6.00. Satsumas—Spania: 3.50-4.00. Mandarins—Spania: 3.90-4.40. Grapefruit—Texas: Red Blush 4.50-4.60; Cyprus: 2.40-3.80; Israeli: Jaffa 27/88 3.45-4.05. Apples—French: Golden Delicious 40-lb 138/175s 4.00-4.50, 20-lb 72s 2.30-2.40, 84s 1.90-2.00; Granny Smith 40-lb 138/163 4.80-5.50, 20-lb 72's 2.70-2.80, 84's 2.30-2.40, jumble pack per pound 0.08-0.10; Starking Delicious 40-lb 150/175's 3.60-4.20; Stark Crimson 40-lb 138/163's 4.30-5.00; Hungarian: Starking Delicious 40-lb 5.60. Pears—Per pound, Italian: Pessacrassane 0.13; Dutch: Conference 0.16. Apricots—S. African: Per pound 0.40-0.45. Plums—S. African: Per pound Santa Rosa 0.30-0.40, Gaviotas 0.40-0.45. Bananas—Jamaican: Per pound 0.13-0.14. Pineapples—S. African: 10/11's 3.50-3.80; Ivory Coast: each 0.40-0.90. Grapes—Spanish: Almeria 4.00-4.30, Black 5.00-5.50; Californian: Red Emperor 20/23-lb 7.00-8.50; S. African: Carton, Queen of the Vineyard 6.50, Ben Hannah 9.00. Avocados—Israeli: 3.60-3.70. Melons—Spanish: Green 15-kilo boxes 12/15's 11.00; Chilean: White 15 kg. 8.00; Peruvian: Green 12/15 10.00; S. African: 15-kg. boxes, white 10.00, small boxes 5.50. Onions—Spanish: 4.50-5.20; Dutch: 1.80. Tomatoes—Canary: 3.00-4.50. Cucumbers—Canary: 10/16's 4.00-4.30. Cauliflowers—French: 24's 8.00; Jersey: 24's 8.00. Lettuce—Dutch: 24's 3.60; French: 12's 1.80. Celery—Spanish: 15/36's 4.00-5.00. Cabbages—Dutch: White, net 3.80-4.40. Potatoes—Italian: Boxes 9-kg 3.30; Canary: 12½-kg 4.00. Capsicums—Canary: 5-kg 3.00-3.30.

English produce: Potatoes—Per 25-kg 1.50-1.80. Lettuce—Per 12 round 1.70-1.80. Mushrooms—Per pound 0.55-0.60. Apples—Per pound Bramley 0.05-0.10; Cox's Orange Pippin 0.07-0.16; Spartan 0.05-0.09. Pears—Per pound Conference 0.11-0.16, Comice 0.18-0.22. Cabbages—Per net 1.80-2.00. Beetroot—Per 28-lb 0.70. Carrots—Per 28-lb 0.80-1.00. Onions—Per bag 1.30-2.30. Rhubarb—Per pound 0.25-0.26. Swedes—Per 28-lb 0.80-1.00. Turnips—Per 28-lb 1.00-1.10. Parsnips—Per 28-lb 1.00-1.20. Sprouts—Per 0.14-0.16. Cucumbers—Tray 12/18's 5.00-5.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 12 1979	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free Mkt (cs)	$1,550/50		$1,255/55
Copper			
Cash w'bar	£956	+5.25	£810.5
3 mth	£972.75	+4.5	£825.5
Cash Cathode	£943	+6	£798.5
3 mth	£959.25	+5	£811.75
Gold troy oz.	$244.75	-5.75	$218.125
Lead cash	£517.75	-2.75	£475.5
3 mth	£489.5	-3.5	£440.5
Nickel	£2330.69		
Freemkt(cif)(lb)	$1.78		$1.63
	1.92		1.76
Platin'm tr'y oz	£164.5		£152
Free mkt	£206.6	+1.85	£173.4
Quicksil'ver	$210/20	+5	$192/205
Silver troy oz	366.4p	+16.4	299.3p
3 months	378p	+17.0	307.2p
Tin cash	£7,230	+60	£6,790
3 mths	£7,180	+80	£6,752.5
Tungsten	$134.14		$140.39
Wolfrm 22.04 cif	$119/24		$129/35
Zinc cash	£403.75	+9.25	£355.5
3 months	£416.75	+7.5	£366.25
Producers	$760		$720
Oils			
Coconut (Phil)	$1,005r		$960
Groundnut			
Linseed Crude	£380	-5.0	£376
Palm Malayan	$694r	-15.0	$632.5
Seeds			
Copra Philip.	$700p		
Soyabean (U.S.)	$307.45z	+9.45	$288.7
Grains			
Barley Futures	£92	+2.15	£86.1
Maize			
French No 3 Am	£109		£107.5
Wheat			
No. 1 Red Spg.	£89.25r	+1.0	£84.75
No2HardWint.	£96s		£92.5
Eng. Milling t.			
Other commodities			
Cocoa ship't	£1,839	-56.5	£2,032
Future May	£1,838.5	-5	£1,981
CoffeeF't'rMay	£1,326.5	-.5	1,338.5
Cotton'A'Index	76.5c	+1.3	78.55c
Rubber kilo	60.50p	-0.25	56.75p
Sugar (Raw)	£100		£94
Wooltp's 64s kl	269p		268p

* Nominal. † New crop. ‡ Unquoted. p April-May. r Feb.-March. s March. v March-April. w April. x Per ton. z Indicator. § Buyer.

I.G. Index Limited 01-351 3466. May Sugar 109.90-111.50
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
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COMPANY NOTICES

CREDIT LYONNAIS
1976/1982 US$75,000,000—FLOATING RATES

Bondholders are hereby informed that coupon No. 7 of the above loan will be payable as from August 8, 1979, at a price of US$57.51 per coupon representing 11⅞% per annum and covering the period from February 8, 1979, to August 7, 1979, inclusive.

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
INTERNATIONAL BONDS DUE MARCH 15 1979 OF US$20,000,000—

We inform the bondholders that the March 15, 1979, redemption instalment of US$500,000 has been met by purchase on the market.

The following bonds previously called for redemption have not yet been presented for payment:

4374 4840 4928 14269 14279 14375 14648 14660 14676 14705 14706 14709 14710 14711 14713 14714 14715 14717 14718 14719 14720 14722 14723 14724 14725 16734

Amount outstanding: US$17,500,000.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter, Luxembourg.

ART GALLERIES

AGNEW GALLERIES, 43 Old Bond St., W.1. 01-629 6176. 160th ANNUAL WATER-COLOUR EXHIBITION. Until 23 February. Mon.-Fri. 9.30-5.30; Thurs. until 7.

CRANE KALMAN GALLERY, 178 Brompton Road, S.W.3. 01-584 7566. 19th AND 20th CENTURY BRITISH, EUROPEAN PAINTINGS AND SCULPTURE, including works by Dufy, Corot, Hepworth, Miro, Moore, Nicholson, van Dongen, etc. Until 20 February. Mon.-Fri. 10-6. Sats. 10-4.

AMERICAN MARKETS

NEW YORK, Feb. 12.

Tin—678.00-710.00 asked (675.00-720.00).

††Sugar—No. 11: March 8.29 (8.15), May 8.63 (8.46), July 8.97 (8.79), Sept. 9.20 (9.05), Oct. 9.35 (9.21), Jan. 9.60 (9.47), March 9.92 (9.77), May 10.13-10.14 (9.98), July 10.29-10.34 (10.17). Sales: 4,100.

Silver—Feb. 732.00 (753.50), March 736.00 (737.50), April 740.30, May 744.60, July 753.10, Sept. 761.70, Dec. 774.10, Jan. 778.40, March 786.80, May 795.30, July 803.80, Sept. 812.30, Dec. 825.30. Sales: 33,500. Handy and Harman spot bullion 725.00 (718.50).

Copper—Feb. 84.35 (84.00), March 84.75 (84.40), April 85.25, May 85.75, July 85.85, Sept. 85.60, Dec. 85.30, Jan. 85.15, March 84.95, May 84.70, July 84.50, Sept. 84.30, Dec. 84.00. Sales: 11,000 lots.

CHICAGO, Feb. 12.

Lard—Chicago loose 25.00 (same). New York prime steam 26.50 traded (same).

‡‡Maize—March 236-236⅛ (237⅛), May 246-245⅞ (247), July 251, Sept. 254¼, Dec. 258-257⅞, March 265¼.

‡Soyabeans—March 742-741 (755), May 756-755 (771), July 764-765, Aug. 759-757, Sept. 711, Nov. 685½-686, Jan. 697-696¾, March 706.

§Soyabean Meal—March 195.30-195.50 (197.40), May 198.60-198.50 (201.30), July 201.20-200.80, Aug. 200.50-200.40, Sept. 185.50, Oct. 190.00-190.30, Dec. 190.00-190.30, Jan. 190.00.

Soyabean Oil—March 27.60 (28.10), May 27.60-27.65 (28.10), July 27.55, Aug. 27.50, Sept. 26.10, Oct. 25.15, Dec. 24.70-24.75, Jan. 24.60-24.65, March 24.45.

§Wheat—March 364½ (367½), May 345¼-346 (347½), July 324¼, Sept. 326¼, Dec. 335, March 344½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. ‡ Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Feb. 12.

U.S. No. 2 Dark Hard Winter Wheat 13.5 per cent March $159. U.S. Hard Winter wheat ordinary March $158, April-May $158. U.S. No. 2 Red Winter wheat March $165, April $157, May $156. U.S. No. 2 Northern Spring wheat 14 per cent Feb. $172, March $166.50.

Soyabeans—U.S. No. 2 Yellow Gulfports: Feb. $299.50, March $303.50, April $309, May $309.50, June $311.50, July $312, Aug. $311.50, Sept. $302.50, Oct. $279.50, Nov. $278, Dec. $281.50, Jan. $285, Feb. $288.50, March $289.50, sellers.

PARIS, Feb. 12.

Sugar (FFr per 100 kilos)—March 880-884, May 902-903, July 918-923, Aug. 952-953, Oct. 978-982, Nov. 970-980, Dec. 996-1002, March 1035-1040. Sales at call, 2.

INDICES

FINANCIAL TIMES

Feb. 9	Feb. 8	M'nth ago	Year ago
269.58	267.72	263.32	237.88

(Base: July 1, 1952 = 100)

MOODY'S

Feb. 9	Feb. 8	M'nth ago	Year ago
1033.7	1024.5	994.9	910.2

(December 31, 1931 = 100)

DOW JONES

Dow Jones	Feb. 9	Feb. 8	Month ago	Year ago
Spot	384.81	379.17	379.96	353.04
F'tur's	383.16	377.85	376.15	333.27

(Average 1924-25-26 = 100)

REUTERS

Feb. 12	Feb. 9	M'nth ago	Year ago
1530.2	1531.5	1500.5	1405.5

(Base: September 18, 1931 = 100)

Two views on farm incomes

STATISTICS ARE wonderful things: shake them around and they will usually come up with the result you want. Consider the enviable position of Mr. John Silkin, the UK Farm Minister, currently trying to negotiate a 5 per cent green pound devaluation in Brussels, writes Margaret van Hattem.

Mr. Silkin has said several times in the past few weeks that he does not really care which way the decision goes, so long as it goes the same way for Britain and Italy.

But whatever the result, there are statistics to indicate it is a victory for Britain. If, for example, the devaluation is approved, raising farm prices by around 5 per cent, Mr. Silkin can produce figures from Whitehall which show that UK farm incomes fell by 11 per cent last year.

Obviously farmers need a break.

If the devaluation is not approved, Mr. Silkin can produce EEC Commission statistics showing that UK farm incomes rose by 2.4 per cent (or fell by 3.4 per cent if potato farmers are included) indicating that most UK farmers are doing pretty well and don't really need a price rise.

All these statistics—for the calendar year 1978—are equally valid. It just depends whether you include such things as depreciation of buildings and machinery (the Commission does not, the British allow about 25 per cent a year) rising labour costs and rising interest rates on loans.

Equities back on downward tack but Gilts continue to consolidate after recent sharp fall to two-year low

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

With investment incentive inhibited by the continued nationwide labour unrest and also by possible repercussions of the Iranian crisis, the new trading Account in equities started with an extension of the downward trend which has prevailed for the past three weeks or so.

Neither the two-to-one overall vote against a strike at BL Cars nor conjecture that tomorrow will see the announcement of another social pact between the Government and unions enticed potential investors. But news that the authorities were to review extensively public spending plans was of some help to Gilt-edged securities.

Concern about further cutbacks in middle-east crude oil supplies and the prospect of sharply increased oil prices in coming months as a result of the situation in Iran was reflected in lower opening prices for the main body of industrials. The leaders were especially affected and small sales on an unwilling market made for an extension of the trend.

Few sectors escaped the easiness although Oils and North Sea issues provided exceptions on the continuing assumption of increased revenue in the event of higher prices for oil. Selected stocks in other areas attracted interest following weekend Press mention and scattered situation stocks also resisted the general downturn.

Much of the day's trade was completed before noon when the FT 30-share index was showing a loss of 5.6 to 445.1. Thereafter, business was of minimal proportions and in a few instances the leaders hardened marginally to leave the index 4.6 down on the day at 446.1.

Motivated by last Thursday's rise in Minimum Lending Rate and the following day's exhaustion of the long tap stock, British Funds continued to consolidate. Renewed demand for all maturities found sellers markedly less willing than recently and rises ranging to ¾ were recorded.

Slightly larger gains were made by two of the three variable issues and, in the absence of any announcement regarding a replacement tap stock at the official close of 3.30 pm, all quotations improved a little more to settle at the day's highest.

Two-way institutional demand in the investment currency market saw the premium continue Friday's rally and touch 91¼ per cent before finishing a net 1½ up at 90¼ per cent. Yesterday's SE conversion factor was 0.6792 (0.6855).

Lessened interest in the Traded Options market saw the total number of contracts completed fall to 606 as opposed to last week's average of 844. GEC and Imps were lively, recording 141 and 115 deals respectively.

Still reflecting the vigorous bid defence to London and Midland Industrial's 85½p per share cash offer and pending developments concerning at least two other bids in the pipeline for all or part of the company, Caledonian Holdings pushed up 2 more to 109p.

Banks steady

Start of the major clearing banks' dividend season started quietly with prices barely stirring from last Friday's levels as the market awaited the expected increases in base lending rates following last week's rise in MLR. Elsewhere, buyers returned for Wintrust which put on 2 to 84p.

Insurances plotted an irregular course in thin trading. Stenhouse, at 84p, picked up 2 of last Friday's fall of 6 which followed details of its Canadian subsidiary's poor quarterly figures. Edinburgh and General hardened 2 to 32p but Sedgwick Forbes softened 3 to 385p; following shareholders' approval at yesterday's EGM, the latter's merger with Bland Payne has now been completed.

Breweries drifted lower in the absence of any real buying interest, but Amalgamated Distilled Products touched 40p before settling for a net rise of 3 to 37p xd following reports that Mr. James Gulliver is interested in taking a stake and joining the board. Recent speculative demand subsided for Matthew Clark which eased 5 to 134p.

News items and special situations were responsible for most movements of note among Building issues. Reflecting demand that developed late on Friday, Johnson-Richards Tiles firmed 6 to 135p on hopes that Norcros, 4 easier at 80p, may come in with an increased offer. Speculative demand developed for Manders which rose 10 to 120p, but adverse Press comment left UBM down 1½ at 66p. John Finlan added 4 to 41p in a thin market. In the leaders, Costain issues gave further ground, the ordinary easing 6 to 144p and the deferred 4 to 104p.

Peters Stores good

Secondary issues provided the major focal points in Stores. Press comment attracted buyers to Peters which rose 5 to 44p, while renewed demand in a thin market lifted Lee Cooper 7 to 197p. MFI Furniture held steady at 218p, awaiting today's interim results but Ladies Pride Outerwear relinquished 2 to 66p in reaction to the disappointing annual earnings.

Interest in the Electrical sector was at a low ebb and the majority of movements were limited to a few pence either way. Chloride encountered fresh selling and gave up 3 to 84p while, in smaller-priced issues, Dewhurst A reacted a penny to 16½p.

Trading conditions in the Engineering sector were rather subdued. Light selling and lack of support took the leaders to slightly lower levels. Elsewhere, Averys remained an extremely volatile market awaiting news of GEC's bid intentions and reacted to 208p before recovering to close only 2 cheaper on the day at 218p. Press mention prompted a gain of 3 to 120p in English Card Clothing, while F. S. Ratcliffe Industries hardened a penny to 37½p xd following news that West Bromwich Spring had increased its holding in the company to just over 15 per cent. Dealings restarted in Centreway Securities at 295p and G. Whitehouse at 127p compared with the respective suspension prices of 280p and 115p; Whitehouse recently sold its motor interests to Centreway. Moss Engineering, currently in receipt of an unwelcome bid from GEI International, firmed 2 to 81p on the announcement of two trading developments; GEI closed a penny dearer at 89p making its offer worth just over 80p per share.

In Foods, a revival of bid rumours lifted Spillers 2 to 36½p, but Associated Fisheries fell 3 to 36p on Press comment highlighting the chairman's resignation and the delay in announcing the annual results.

Harris Lebus down

Still concerned about the UK economic and political scene and the worsening Iranian situation, miscellaneous Industrial leaders got the new Account off to a dull start. Reed International had a late reaction of 4 to 149p on the announcement that the Canadian Government intends to order the group to clean up pollution at its Dryden, Ontario, pulp and paper mill. Pilkington, however, gained 3 to 278p in response to Press comment. Elsewhere, Harris Lebus fell 8 to a 1978-79 low of 32p following the final dividend omission and annual loss, while Hestair came on offer at 64p, down 6. Iranian problems continued to unsettle Bath and Portland which softened a penny more to 45p but Channel Tunnel jumped 16 for a two-day rise of 23 to 78p on consideration of last week's report that detailed planning for a £650m tunnel is to be conducted by British Rail. Donald Macpherson gained 3 to 81½p in front of today's interim results, while stocks to benefit from weekend Press comment included E. C. Cases, which added 3 to 15p, Kelsey Industries, 8 higher at 135p, and Robert Moss, 2 dearer at 37p. Buying on consideration of the company's North Sea oil interests lifted Cawoods 4 to 154p, National Carbonising 3 to 46p and I.C. Gas 5 to 390p. Stormgard rallied from 10p to finish a penny dearer on balance at 13p on further speculative buying in a thin market.

With the feeling that the long-awaited statement from Rockwell will shortly make an appearance, Wilmot Breedon featured a lacklustre Motors sector by rising 7½ to 76p.

International Thomson remained firm on the prospect of higher crude oil prices, adding 13 to 344p after having reached a 1978-79 peak of 346p.

Quietly firm conditions prevailed among the Property leaders. Bernard Sunley hardened 2 to 260p in response to the increased interim revenue. Among secondary issues, Westminster and Country, a penny easier awaiting the interim figures, picked up on the announcement of a return to profits and closed a net penny up at 31p. Speculative interest lifted Estates and Agency 4 to 62p, and, ahead of today's annual results, Beaumont hardened a penny to 91p.

Oils up afresh

Oils continued to move against the trend, fresh demand again being stimulated by the prospect of increased crude oil prices. North Sea issues were well to the fore in the day's advance, with Siebens (UK) moving ahead sharply to close 18 higher at 276p. Assisted by favourable Press mention, LASMO gained 8 to 164p and the OPS 20 to 460p. Gains of 8 were also recorded in Oil Exploration, 224p, and British Borneo, 190p. Among the leaders, British Petroleum touched a fresh peak of 968p before settling at 964p for a rise of 6 and Shell closed a similar amount higher at 626p, after 628p.

Gresham House, up 10 at 88p in response to an investment recommendation, provided the lone feature in otherwise dull Investment Trusts.

Apart from P. and O. Deferred, down 2 at 79p and Ocean Transport, 1½ lower at 103½p, Shippings were rarely altered.

Secondary counters held the limelight in idle Textiles. Scottish English and European advanced 4 to 72p on small buying following an investment recommendation. J. Beales, on the other hand, fell 3 in a thin market to 73p and, despite weekend Press comment, Parkland closed a penny off at 69p. David Dixon held at the overnight level of 150p on news that Birmingham and Midland Counties Trust now control 28.07 per cent of the equity. Harder at 129p during early trading, Nottingham Manufacturing closed unchanged at 128p; the annual results are expected today.

Imps failed to respond to a broker's recommendation and slipped 1½ to 82p xd.

Golds slightly firmer

Trading in South African Golds, after the vigour of recent sessions, lacked verve. The market was generally subdued although prices generally showed net gains. The Gold Mines Index was up 3.4 at 177.4, and the ex-premium index 1.2 better at 120.5.

Prices were marked up in early trading, reflecting the strength of the bullion price, but demand was sluggish. As bullion came off from its morning levels to close $1.75 higher at $244.75 an ounce, so share prices moved down to finish beneath their best.

Among the heavier-priced issues, Hartebeest were ¾ higher at £14¾ and Vaal Reefs ¾ harder at £16¾ in a market where sterling prices were steadied by the rise in the investment dollar premium.

The premium's rise also helped South African Financials. With sellers reluctant, Anglo American rose 11 to 360p and De Beers gained 4 to 454p.

Among London Financials, Rio Tinto-Zinc stood out with a rise of 4 to 280p, despite the lower trend among domestic industrial equities, which in the past have often influenced its movements. Charter were 3 firmer at 154p.

Australians were the busiest of the mining markets. In good two-way trading, prices moved ahead, helped by the rise in the premium. Peko-Wallsend were 5 better at 475p after the encouraging half-yearly figures and statement, while Western Mining reflected the greater confidence of the market in producers of industrial metals with a rise of 5 to 169p.

BHP's diamond exploration agreement with Samantha left the latter unchanged at 45p. Among Uraniums Pancontinental were ¾ higher at £10½. Bougainville were 3 firmer at 167p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	69	—	11
Corpns. Dom. and Foreign Bonds	12	8	44
Industrials	251	417	854
Financial and Prop.	68	127	314
Oils	16	6	16
Plantation	11	—	21
Mines	84	14	43
Recent Issues	7	4	17
Totals	518	576	1320

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	15	964	+ 6	968	720
Shell Transport	25p	12	626	+ 6	628	484
P. & O. Defd.	£1	10	79	− 2	118	76½
ICI	£1	9	346	− 1	421	328
RTZ	25p	8	280	+ 4	284	164
BAT Inds.	25p	7	288	−10	346	260
Grd. Metropolitan	50p	7	115	− 1	121	87
LASMO	25p	7	164	+ 8	190	124
NatWest	£1	7	280	—	300	250
Ultramar	25p	7	254	+ 2	284	182
GEC	25p	6	311	− 2	349	233
GUS A	25p	6	304	− 2	342	266
Guthrie	£1	6	430	+ 2	450	211
Tricentrol	25p	6	188	− 2	193	130
Weir Group	25p	6	83	− 2	133	83

FINANCIAL TIMES STOCK INDICES

	Feb. 12	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 5	A year ago
Government Secs.	64.89	64.80	64.64	65.12	65.34	65.57	78.16
Fixed Interest	65.77	66.06	65.97	66.57	66.84	66.91	77.85
Industrial	446.1	450.7	448.9	455.2	464.8	460.7	469.5
Gold Mines	177.4	174.0	178.6	182.6	183.6	181.4	162.2
Gold Mines (Ex $ pm)	120.5	119.3	122.8	123.5	125.2	121.8	115.8
Ord. Div. Yield	6.37	6.32	6.34	6.27	6.25	6.21	5.71
Earnings Y'ld % (full)	16.65	16.53	16.59	16.42	16.39	16.34	17.58
P/E Ratio (net) (*)	7.79	7.85	7.82	7.90	7.91	7.98	8.18
Dealings marked	5,733	5,224	5,300	5,065	5,666	6,086	9,950
Equity turnover £m.	—	96.09	104.29	77.93	94.76	87.06	43.38
Equity bargains total	—	14,957	15,307	13,157	16,422	14,669	13,481

10 am 448.3. 11 am 445.9. Noon 445.1. 1 pm 445.2.
2 pm 445.1. 3 pm 445.5.
Latest Index 01-246 8026.
*Nil=7.57.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	64.64 (8/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (25/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.5 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Feb. 12	Feb. 9
—Daily		
Gilt Edged	211.2	191.1
Industrials	182.7	184.1
Speculative	57.5	54.4
Totals	150.6	116.9
5-d'y Av'r'ge		
Gilt Edged	176.7	168.7
Industrials	174.4	171.7
Speculative	61.0	59.8
Totals	182.4	116.8

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 6	Feb. 19	May 3	May 15
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12

For rate indications see end of Share Information Service

Money was given for the call in Burmah, Cons. Gold, Electronic Machine, Lonrho, P and O, Ultramar, Spillers, Premier, MEPC, Newman Inds., MFI, Town and City, Lasmo, UDT, Dunbee-Combex, A. R. Findlay and Ladbroke Warrants. Puts were dealt in RTZ and British Land, while doubles were arranged in Lonrho, Spillers and Town and City.

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (28)

BANKS (1)
Wintrust

BUILDINGS (2)
Finlan (J.) Manders

CHEMICALS (1)
Farm Feed

ENGINEERING (2)
Eng. Card Clothing Whitehouse (G.)

FOODS (1)
Carr's Milling

INDUSTRIALS (5)
Barlow Rand Gnome Photo
Bodycote Intl. Kelsey Inds.
Cape Industries

NEWSPAPERS (2)
Intl. Thomson Intl. Thomson Conv.

TRUSTS (2)
Gresham Hse. Est. Selected Risk Inv.

OILS (6)
British Borneo LASMO "Ops"
BP Shell Transport
Hunting Petroleum Tricentrol

RUBBERS (1)
Bertam Cons.

MINES (5)
Durban Deep North Kalgurli
Unisel Yukon Cons.
Anglo-Amer. Coal

NEW LOWS (44)

CORPORATION LOANS (1)
L.C.C. 5½pc '77-81

COM'WEALTH & AFRICAN LOANS (1)
S. Rhod. 2½pc '65-70

LOANS (3)
Alcan 10½pc '89-94 ICFC 11pc Uns. Ln.
ICFC 5½pc Deb. 1988
1980-82

BUILDINGS (5)
Aberdeen Const. Mowlem (J.)
Benford Machinery Phoenix Timber
Gough Cooper

STORES (3)
British Home Stores Dixons Photo
Currys

ELECTRICALS (2)
Chloride Group EMI

ENGINEERING (7)
Birmid Qualcast Renold
Derritend Stamping Sheepbridge
GKN Tace
Mitchell Somers

FOODS (4)
Assoc. Fisheries Tate & Lyle
Assoc. Fisheries Watson & Philip

INDUSTRIALS (8)
Ang-Amer. Asphalt Leboff
Bath & Portland Lebus Harris
Hawkins & Tipson Sheatley
Hestair Turner & Newall
Hoover

INSURANCE (1)
Sun Alliance

MOTORS (1)
Assoc. Eng.

NEWSPAPERS (1)
Liverpool Daily Post

TEXTILES (4)
Courtaulds Illingworth Morris
Do. 7pc Db. 82-87 Do. A

OILS (2)
BP 8pc Pf. Shell Transpt. 7pc Pf.

APPOINTMENTS

Marine regrouping at Ocean

From March 5 the four marine divisions of OCEAN TRANSPORT AND TRADING will be integrated into one division, Ocean Marine. The company states that with a smaller fleet of 34 owned ships, the completion of the greater part of the group's current retonnaging programme and the necessary devolution of some of the group's liner trades to centres outside Liverpool, the existing organisation of four separate divisions (Ocean Fleets, Ocean Liners, Blue Funnel Bulkships and Ship Procurement) is no longer suitable for the efficient prosecution of the group's shipping activities.

With the exception of Ocean Shipping Agencies and the West African Agencies, the ships' agency companies will not be incorporated within the Ocean Marine Division, but will become part of Ocean Cory Division as soon as that can be arranged.

Mr. W. N. Menzies-Wilson is to be managing director of the Ocean Marine Division, and Mr. C. D. Lenox-Conyngham deputy managing director. Other Ocean Marine Board appointments are Mr. W. H. Falconer (ship procurement), Mr. W. M. Maguire (technical), Captain J. F. C. Dowie (operations), Mr. P. H. D. Toosey (West African liner trades), Mr. D. Sykes (UK/West African liner trade), Mr. D. E. Riddle and Mr. J. T. Utley (non-West African liner trades), Mr. K. Wright (Blue Funnel Bulkships), Mr. T. P. Caldicott (personnel), Mr. V. F. Roberts (finance) and Mr. W. Gillard.

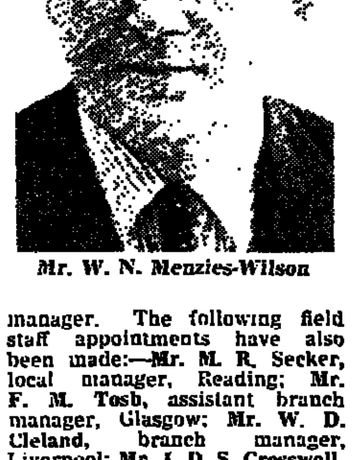
Elder Dempster, Guinea Gulf, Blue Funnel Bulkships and Ocean Fleets will continue to trade and operate under their own identities as at present.

★

Mr. Antony Pilkington has been appointed joint deputy chairman of PILKINGTON BROTHERS from September 8, 1979. He succeeds Mr. Leslie Wall, who had previously announced that he would be retiring from executive duties on that date. From April 1, Mr. Antony Pilkington will cease to be chairman and a member of the Flat Glass Europe Division Board. He will be replaced as chairman by Mr. Denis Cail, at present chairman of the Optical Division Board. Mr. Cail will remain a member of the Optical Board for the time being. Dr. Dennis Olivier will become chairman of the Optical Division Board director responsible for the technical function. Mr. Antony Pilkington will become a member of the Board of the Glass Fibre Division and of the Board of Fibreglass.

★

Mr. A. K. Rae has been appointed investment manager of SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY. He succeeds Mr. I. J. S. Henderson, who continues as deputy general manager with overall responsibility for the Society's investment and accounting. Mr. R. T. Elliot has become property manager. The following field staff appointments have also been made:—Mr. M. R. Secker, local manager, Reading; Mr. F. M. Tosh, assistant branch manager, Glasgow; Mr. W. D. Cleland, branch manager, Liverpool; Mr. J. D. S. Cresswell, deputy branch manager, Liverpool; Mr. S. Laird, assistant branch manager, Newcastle; Mr. A. D. Cameron, local manager, Aberdeen, and Mr. C. W. Armstrong, assistant branch manager, Manchester.



Mr. W. N. Menzies-Wilson

★

THE CONFEDERATION OF BRITISH INDUSTRY has appointed Miss Sonia Elkin as director responsible for small firms from March. She is at present the CBI's deputy director of regional affairs.

★

The Secretary for the Environment has appointed Mr. Robert Holder a member of the WESSEX WATER AUTHORITY until December 31, 1980.

★

Mr. Arthur Price has been appointed director and general manager of AGAHEAT APPLIANCES. Mr. John Owens has become development director and Mr. John D. Irving, marketing director, cooking of GLYNWED DOMESTIC AND HEATING APPLANCES. The companies are members of the Glynwed group.

★

Mr. D. S. R. Finning and Mr. C. J. Galleymore have been appointed directors of BRITANNIA FUND MANAGERS. Mr. Finning will be responsible for the management of the company's UK private clients and Mr. Galleymore for overseas clients.

★

The Benjamin Priest Group has appointed Mr. Trevor Guest as deputy managing director of G. E. BISSELL AND CO. and M. E. W. (TORBAY).

★

Mr. Roger H. Maggs has been appointed director and general manager of WHEATLEY DAVIES and Mr. M. B. Simpson and Mr. R. Cartwright have joined the Board. The company is a subsidiary of TPT.

★

Mr. R. G. Hadnam, who is at present national chairman of the Institute of Purchasing and Supply, has been appointed director purchase and supply of the PERKINS ENGINES GROUP'S UK operations. He joined Perkins in 1940.

★

Mr. B. R. Hosh has been appointed managing director of GRIFFIN FACTORS, a subsidiary of Midland Bank Group. Mr. F. R. Salinger, who continues as an executive director, assumes overall operational responsibility.

★

Mr. Alan Spargo, general sales manager, has been apointed to the Board of ALFA CHEMICALS.

★

Mr. David A. Clark has been elected president of EVAF, the European association for industrial marketing research. He is general manager for Europe of Engelhard's minerals and chemicals division.

★

Mr. Sandy Cameron has been appointed chief accountant at RANSOMES SIMS AND JEFFERIES. He was previously with Bryant and May.

★

Miss Rosalie Winder has been ppointed assistant vice-president of the European representative office of the UNION COMMERCE BANK (CLEVELAND).

★

Dr. Earle B. Barnes has been elected chairman of the DOW CHEMICAL COMPANY. He succeeds Mr. Zoltan Merszei, who has resigned as chairman and director.

★

Mr. George Thompson has been appointed chairman of DEXION LIMITED and has been succeeded by Mr. Roland Bertodo as managing director. The parent company is Dexion-Comino International.

★

Mr. David Palfreman has been appointed marketing director of FEDERAL ELECTRIC. He was previously home sales manager of Bill Switchgear.

★

Mr. F. L. Jebb has been elected chairman and Mr. B. R. Willis financial director of RAY-O-VAC. Mr. R. H. Thornley has been appointed director and general manager. The company is a newly-formed subsidiary of ESB/Ray-O-Vac Corporation of America.

★

Mr. R. J. W. Titley has been appointed managing director of the non-marine department, overseas division of BLAND PAYNE (INTERNATIONAL). Mr. M. W. Eve has been elected a director of BLAND PAYNE (UK).

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	80	3	105	—	123	—	960p
BP	950	40	42	68	—	89	1	"
BP	1000	16	23	45	—	65	—	"
Cons Gold	180	34	5	36	7	44	—	206p
Cons Gold	200	16½	14	23	—	28	1	"
Cons Gold	220	6½	23	14	18	18	1	"
Courtaulds	120	2	—	5	—	8	—	104p
GEC	280	43	5	—	—	—	—	315p
GEC	300	30	5	41	—	49	—	"
GEC	330	9	105	23	3	32	—	"
GEC	360	3½	21	—	—	—	—	"
Grand Met.	100	16½	—	19½	—	23	2	116p
Grand Met.	120	2½	10	5½	—	9½	—	"
ICI	360	7	1	18	1	26	—	345p
Marks & Sp	80	7½	—	10½	1	13	—	83p
Marks & Sp	100	1	—	—	—	—	—	"
Shell	550	80	—	100	—	110	—	632p
Shell	600	34	3	60	11	72	—	"
Shell	650	9	8	28	10	40	7	"
Totals			371		50		4	
		February		May		August		
EMI	120	—	—	13	4	15	—	125p
EMI	130	1½	17	7	8	10	—	"
EMI	140	1½	—	4	6	6	—	"
EMI	150	½	—	2	3	4	19	"
Imperial Gp	80	2½	—	7½	—	9	—	89p
Imperial Gp	90	1½	25	2½	25	4	—	"
RTZ	260	22	—	35	8	41	—	280p
RTZ	280	5½	1	22	10	29	3	"
Totals			43		45		112	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
65	F.P.	20/2	109	68	Caledonian Hldgs.	109	+1	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	16/2	132	118	Hunting Assoc. Defd.	122		[illegible]			
‡‡	F.P.	—	[illegible]	[illegible]	[illegible]	[illegible]		F2.8	2.7	4.4	10.8
‡	F.P.	9/2	57	31	M.Y. Dart Defd.	31					
110	F.P.	17/1	136	115	[illegible]	125	−1	b6.7	1.9	8.8	12.0

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or −
¶	F.P.	16/2	109p	102p	Assoc. Dairies 9¼% Pref.	108p	
¶	F.P.	9/2	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	F.P.	26/1	100½	99½	Colne Valley Water 8% Red Prf 1983	[illegible]	
100p	F.P.	5/1	139	102	Hawley Leisure 12% Cnv. Uns. Ln. 78-88	135	
100	[illegible]		[illegible]	[illegible]	Hays Cargo Airlines [illegible]	[illegible]	
¶	F.P.	[illegible]	[illegible]	[illegible]	Mid Kent Water 8% Pref. 1984	[illegible]	
100p	F.P.	11/1	107p	100p	Rivington Reed 9¼% Cnv.Cum.Red.Pref.	105p	
97½p	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
¶	F.P.	9/3	98p	95p	Shaw Carpets 10% 2nd Cum. Pref. £1	98p	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or −
60	F.P.	19/1	78	67	Associated Biscuit	76	+1
125	F.P.	[illegible]	170	154	Baker Perkins	158	
C$21½	Nil	14/2	[illegible]	[illegible]	Bank of Nova Scotia	[illegible]	
220	Nil	[illegible]	35pm	18pm	Haslemere Estates	[illegible]	
60	Nil	[illegible]	[illegible]	2pm	Hawkins & Tipson	[illegible]	
58	Nil	[illegible]	[illegible]	[illegible]	Montfort	[illegible]	
20c	Nil	[illegible]	[illegible]	[illegible]	Poseidon	[illegible]	
10	F.P.	22/1	17½	12	Sutar Electrical Defd.	16	
18	Nil	14/2	[illegible]	8pm	Swan Ryan Intl.	8½pm	+1½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Mon., Feb. 12, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri. Feb. 9 Index No.	Thur. Feb. 8 Index No.	Wed. Feb. 7 Index No.	Tues. Feb. 6 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	219.99	−0.7	18.41	6.05	7.43	222.44	221.54	225.83	226.98	[illegible]
2 Building Materials (28)	195.11	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	323.88	−1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	518.81	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (12)	338.08	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (78)	171.62	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	153.60	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS										
11 (DURABLE)(53)	196.65	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio, TV (16)	254.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	157.53	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (25)	108.68	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS										
21 (NON-DURABLE) (170)	202.54	−1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	220.90	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	285.39	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	266.58	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	223.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	376.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	128.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (40)	196.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	169.06	−1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	234.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	89.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (18)	268.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	230.45	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	405.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (58)	203.62	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (496)	209.35	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (6)	549.76	+1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	197.92	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	204.74	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	126.08	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	115.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	292.37	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	74.91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	109.05	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (111)	205.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	122.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	316.76	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	218.89	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Mon. Feb. 12	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	100.63	+0.24	—	[illegible]
2 5-15 years	[illegible]	+0.25	—	1.10
3 Over 15 years	107.33	+0.27	—	1.55
4 Irredeemables	115.68	—	—	0.69
5 All stocks	103.91	+0.25	—	1.29

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

		Mon., Feb. 12	Fri. Feb. 9	Thur. Feb. 8	Wed. Feb. 7	Tues. Feb. 6	Mon. Feb. 5	Fri. Feb. 2	Year ago (approx.)
1 Low Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Medium Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 High Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Mon., Feb. 12 Index No.	Yield %	Fri. Feb. 9	Thur. Feb. 8	Wed. Feb. 7	Tues. Feb. 6	Mon. Feb. 5	Fri. Feb. 2	Thur. Feb. 1	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	52.81	14.18	52.80	52.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	47.88	14.57	47.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	57.49	13.69	56.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

CORAL INDEX: Close 444-449

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	12.62%

†Address shown under Insurance and Property Bond Table.

NOTES

EXPORTERS-

EXCHANGE LOSSES PREVENTED

contact-B. D. Key

INTERNATIONAL FACTORS LTD

Circus House, New England Road.
Brighton BN1 4GX Tel: (0273) 606700

Birmingham, Cardiff, Leeds.
London, Manchester

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
97	94⅝	Treasury 3pc '79‡‡	96xd	+⅛	3.13	10.17
97⅞	95¼	Electric 4¼pc '74-79	96⅜	......	4.41	10.82
104¹¹⁄₁₆	98⅞	Treasury 10½pc '79‡‡	98¾	+⅛	10.68	12.92

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	......	—	—
41	33	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	f3.10
22	6	Chinese 4½pc 1898	19	......	—	—
35	4½	Do. 5pc 1912	31	......	—	—
20½	4½	Do. 5pc 1925 Boxer	18½	......	—	—
415	350	German Yng. 4½pc.	415	......	4½	—

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 47½% (based on US$2.0027 per £)
Conversion factor 0.6792 (0.6855)

CANADIANS

S.E. List Premium 47½% (based on $2.3911 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
14½	9½	Fraser Ans. 10p	14	......	—	—	—	—
199	157	Gerrard Natnl.	178	......	g9.12	—	7.6	—
59	37	Gibbs (A.)	45	......	2.23	—	7.4	—
255	195	Gillett Bros. £1.	220	+3	15.41	—	10.5	—
29	19	Goode D't Mry.5p	19	......	0.13	—	1.0	—
142	96	Grindlays	120	......	2.79	7.1	3.5	4.3
130	93	Guinness Peat	100xd	+2	H5.67	—	8.5	—
217	155	Hambros	173	–1	†9.76	—	8.4	—
100	78	Hill Samuel	78	......	†4.97	—	9.5	—
600	56	Do. Warrants	60	......	—	—	—	—
360	203	Hong Shng.$2.50	280	+4	h059c	—	2.5	—
69	52	Jessel Toynbee	60	......	g3.65	—	9.1	—
215	150	Joseph (Leo) £1	155	......	8.74	—	8.4	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

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CHEMICALS, PLASTICS—Cont.

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FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10⅛	Buffels R1	$13⅛	......	Q190c	ϕ	16.6
$11¾	830c	East Drie R1	$10¾	+⅛	Q115c	ϕ	12.4
585c	330c	East Rand Prp. R1	415c	−5	Q10c	—	—
$28⅞	$16½	F. S. Geduld 50c	$23¾	+⅛	Q315c	2.4	15.2
$15⅛	975c	Pres. Brand 50c	$12⅞	+¼	Q150c	3.2	13.4
$13½	900c	St. Helena R1	$13⅛	+⅛	Q190c	1.4	16.3
510c	313c	Stilfontein 50c	505c	+10	Q66c	2.3	15.0
$23¾	$16¼	Vaal Reefs 50c	$22⅝	+⅝	Q280c	ϕ	14.2
$37	$25	West Drie R1	$32¾	+⅞	†Q385c	1.7	13.5
$31¼	$19	West Hldgs. 50c	$28½	+¼	Q415c	1.4	16.6
$13	895c	Western Deep R2	$11⅝	......	Q147½c	2.4	14.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

[illegible] estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	51	......
Ash Spinning	106	......	Sheff. Refrshmt.	70	......
Bertam	20	−1	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	324	......	IRISH		
Clover Croft	28	......			
Craig & Rose £1	615	......	Conv. 9% '80/82	£87⅝	......
Dyson (R. A.) A	37	......	Alliance Gas	108	......
Ellis & McHdy	69	......	Arnott	390	......
Evered	26	......	Carroll (P.J.)	90	−2
Fife Forge	52	......	Clondalkin	95	......
Finlay Pkg. 5p	21	......	Concrete Prods.	135	......
Graig Ship. £1	122	......	Heiton (Hldgs.)	63xd	+3
Higsons Brew	70	......	Ins. Corp.	162	......
Holt (Jos) 25p	252	......	Irish Ropes	100	......
I.O.M. Stm. £1	232	−20	Jacob	51	......
Pearce (C. H.)	198	......	T.M.G.	180	+5
Peel Mills	24	......	Unidare	88	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Unilever	35
A. Brew	6½	"Imps"	6	U.D.T.	4
BOC Intl.	6	I.C.L.	40	Utd. Drapery	7½
B.S.R.	8	Inveresk	7	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	14		
Beecham	32	Legal & Gen.	14	**Property**	
Blue Circle	18	Lex Service	7	Brit. Land	3¾
Boots	15	Lloyds Bank	22	Cap. Counties	4½
Bowaters	14	"Lots"	4	E.P.	3½
B.A.T.	29	London Brick	6	Intreuropean	5
Brown (J.)	33	Lonrho	5	Land Secs.	16
Burton 'A'	16	Lucas Inds.	25	MEPC	12
Cadburys	5	"Mams"	12	Peachey	8
Courtaulds	10	Mrks. & Spncr	7	Samuel Props.	9
Debenhams	8	Midland Bank	25	Town & City	1¼
Distillers	15	N.E.I.	12		
Dunlop	5	Nat. West. Bank	22	**Oils**	
Eagle Star	10	Do. Warrants	10		
E.M.I.	14	P & O Dfd.	7	Brit. Petroleum	45
Gen. Accident	17	Plessey	8	Burmah Oil	8
Gen. Electric	18	R.H.M.	5	Charterhall	2½
Glaxo	40	Rank Org.	28	Shell	28
Grand Met.	7½	Reed Intnl.	12	Ultramar	16
G.U.S. 'A'	20	Spillers	3½		
Guardian	18	Tesco	4	**Mines**	
G.K.N.	22	Thorn	22		
Hawker Sidd	20	Trust Houses	£18	Charter Cons.	12
House of Fraser	12	Tube Invest.	30	Cons. Gold	12
				Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

Foord
machinery valuers

FINANCIAL TIMES

Tuesday February 13 1979

City Offices City Offices City Offices City Offices
Weatheralls
To Let

Go ahead soon for Rolls-Royce U.S. plant

By Michael Donne, Aerospace Correspondent

THE BOARD of Rolls-Royce is expected later this month to approve in principle setting-up of an aero-engine overhaul and maintenance plant in the U.S.

This will clear the way for a final study of a short-list of possible sites, which include Marietta, Georgia, and a site on the West Coast near the main aircraft manufacturers.

Establishment of a U.S. plant, which would employ about 2,000 people, has been under consideration for some time to build up the Rolls-Royce aero-engine facilities in the U.S.

Growing sales

The initial cost is unlikely to be less than £30m to £50m, with considerable expansion in the years ahead as the facilities move from overhaul and repair into research, development and manufacture of engine components.

Behind the U.S. plans lie Rolls-Royce's growing sales of its engines for American airliners.

Its RB-211 engine is used on the Lockheed TriStar, while the Dash 535 version has been elected as the leading power plant for the new Boeing 757 twin-engined jet.

Rolls-Royce also hopes to get the RB-211 into the new Boeing 767 "semi-wide-bodied" jet.

Direct presence

These broadening markets not only call for a direct repair and overhaul base in the U.S. to make it unnecessary for engines to be sent back to the UK for servicing, but also for a direct Rolls-Royce research, development and production presence in the U.S.

It is felt that this would strengthen the company's chances of winning orders in the intensely competitive fight for the next generation of airliners between now and the end of the 1980s.

It would also enable the company to meet U.S. legal requirements more easily by having a U.S. base.

Preferred

The choice of site will be taken quickly once the Board has given the go-ahead, and the venture may be under way before the end of this year.

Marietta is a preferred site because of its proximity to a Lockheed factory and its good air communication with the rest of the U.S. and overseas. But Rolls-Royce says that other sites have as good qualifications, and there is no guarantee that Marietta will be chosen.

The plant would be of about 1m sq ft. About 1,800 of its employees would be production workers and about 200 research and development staff, mainly American, in both cases but with some Britons seconded.

Scottish plan crucial to unity—Callaghan

BY RICHARD EVANS, LOBBY EDITOR

A SHARP warning of the political consequences of rejecting the Government's devolution proposals was given by the Prime Minister last night when he launched the campaign to secure a "Yes" vote in the March 1 referendum in Scotland.

In the wholehearted support he gave to the proposals and in his warning against apathy Mr. Callaghan showed the importance he believed the referendum vote would have for future relations between Scotland and Westminster and for the Labour Party's electoral prospects at the next General Election.

The Prime Minister told a Labour Party rally in Glasgow that if the present opportunity was missed he could not see Parliament taking up the issue of devolution again for many years to come. It was a "fateful moment" for the country.

"In Scotland itself the issue would become the property of the extremists who advocate independence. They would seek every opportunity and have every excuse to exploit every grievance. They would try to divide Scotland," he said.

"If the referendum result rejected the assembly, it would not kill the discussion, but it would have the effect of preventing any further practical steps to satisfy a long-felt aspiration. So I say to you, for Scotland's future—for Britain's unity—vote yes."

Mr. Callaghan understandably concentrated on the implications of the referendum for Scotland, but there will also be an important implication for UK politics as a whole. If the voters reject the proposals, the Scottish National Party would be unlikely to continue its invaluable support at Westminster for Mr. Callaghan's minority Government. The prospects for a spring election would be greatly enhanced.

But if the devolution proposals are accepted and the hurdle of obtaining the "Yes" vote from 40 per cent of the total electorate is overcome, Mr. Callaghan will be able to offer the Nationalists the prospect of assembly elections and gain their continued support through the summer. This would enable him to postpone a general election for as long as possible to try to recover from the damage inflicted by the current industrial unrest.

In practice, the 40 per cent barrier might not be inviolable. There is speculation at Westminster that, if there is a substantial "Yes" vote but the total falls one or two points below the barrier, the Government would still be prepared to legislate for assembly elections.

The warning against apathy came when the Prime Minister emphasised the scale of the 40 per cent hurdle inserted into the devolution legislation by a group of Labour anti-devolutionists, with the backing of the Conservatives. He stressed the need for a large turnout on polling day. "You must not allow apathy or disinterest to frustrate the years of work that will culminate on March 1."

A "Yes" vote would give Scotland greater control over its own affairs, and enable it to choose its own priorities to a greater extent than at present. In addition, no influence would be lost at Westminster.

"Your voice will be just as strong as it always has been. You now have a chance to find a solution to a longstanding grievance and a cause of dispute. If you do so, you will do it with good will from the people of the UK."

He did not share the fears of those who said that the Scottish Assembly would lead to the break-up of the UK. He believed that unity could be strengthened and that there would be a process of adaptation and change that would benefit the UK

Parliament, Page 10

Ruling on Monsanto narrows application of 'Romalpa' deals

BY JAMES BARTHOLOMEW

A HIGH Court judge ruled yesterday that a contract drawn up by Monsanto, the U.S. chemicals and textiles company, did not have the intended effect of letting Monsanto keep title to some Acrilan fibre sold to Bond Worth, the carpet and furniture manufacturer which subsequently went into receivership. The ruling, by Mr. Justice Slade, involves important points of commercial law affecting banks, companies and company receivers.

The decision narrows the application of so-called "Romalpa-style" contracts which have become widespread in the 2½ years since the Court of Appeal decision in a case involving a company called Romalpa. The Court then ruled that A.I.V., a Dutch company, retained title to some aluminium foil which it had sold to Romalpa.

Banks and professional company receivers were appalled by the Romalpa decision, which meant that receivers were no longer able to treat stock as necessarily belonging to companies in difficulty. And banks found that floating charges over the assets of a company, a common form of security for bank lending, was much less effective. The banks ranked behind the trade creditors.

Mr. Justice Slade did not actually overturn the Romalpa ruling, which, he said, depended on circumstances which did not apply in this case. But he noted that four decisions which had influenced his own ruling, had not been mentioned in the Romalpa case.

Monsanto is expected to appeal, and the case could well eventually go to the Lords.

Judgment, Page 6

Steel strike call rebuffed

BY NICK GARNETT, LABOUR STAFF

CRAFTSMEN AT the British Steel Corporation have decided not to strike after a 5 per cent pay offer in spite of a recommendation to do so from their inter-union co-ordinating committee.

Mass meetings of the 30,000 workers rejected the National Craftsmen Co-ordinating Committee's call to strike from the weekend.

Instead officials of the nine unions representing the craftsmen are to resume negotiations with the corporation on Friday. The unions expect these talks to focus on the possibility of a self-financing productivity deal which, they believe, might be worth a further 3 per cent.

Union officials said yesterday that many craftsmen felt the corporation would be prepared in the end to make significant improvements on its original pay proposals by introducing a productivity scheme.

The Iron and Steel Trades Confederation, which represents 90,000 workers, expects notification today of the corporation's decision on whether to allow the union's pay claim to go to arbitration.

Mr. Bill Sirs, the union's general secretary, has discussed the matter with the Advisory, Conciliation and Arbitration Service, which has been in touch with British Steel.

The union is claiming 8 per cent, with 4½ per cent productivity payments for rationalisation that has already taken place, extra holidays and a shorter working week.

The corporation has replied that it is bound by Government cash restrictions and can offer only 5 per cent.

Mr. Sirs wrote to all members of the Cabinet last week complaining that the Government was discriminating against the "more responsible" sectors of industry.

China signs plant deal for foreign motors

By Philip Bowring in Hong Kong

IN THE FIRST deal of its kind, foreign motor vehicles are to be assembled in China. Harpers International, the automotive division of China Engineers, a Hong Kong company which is a subsidiary of Sime Darby Holdings, announced that it was to establish an assembly plant at Shumchun, just across the border from Hong Kong.

The plant will initially assemble only buses which will all be exported to Hong Kong and Macao, but it is believed likely that later the plant will move into truck and perhaps passenger car assembly. It is also possible that the plant will be used for assembly of vehicles for use in China itself.

Harpers has the local franchise for both Ford and Mitsubishi as well as for Alfa Romeo and BMW. Some of the components for the Shumchun assembly plant will be supplied by Ford Europe and Mitsubishi.

It is believed that this deal, which was negotiated by Harpers directly with the Kwangtung provincial government, is separate from a direct Ford deal with China to which Chinese Vice-President Deng Xioaping alluded on his recent visit to the U.S.

A Detroit-Peking deal is believed to be in preparation which would be on a very much bigger scale than the Harpers project. Ford and Mitsubishi were both informed of the development of the assembly by the Chinese vice president but the negotiations were handled by the Hong Kong company acting independently.

Initially t he Harpers plant will produce about 200 buses a year, but the size of the site—600,000 sq ft—and the extent of the buildings shown in an artist's impression of the plant suggest that its eventual capacity will be very much bigger.

China will construct the plant and provide all the workforce apart from 12 technicians from Harpers who will provide training and supervision. The 12, all Chinese from Hong Kong, will live at the plant site.

Harpers declined to provide any details of what China would be charging either for the land or the buildings, and would not reveal the cost of the machinery to be installed. It is understood that the plant will be totally supplied from Japan in prefabricated form. Site formation work has already started and the plant is scheduled to start production in September or October this year. Initially, it will assemble large single decker buses.

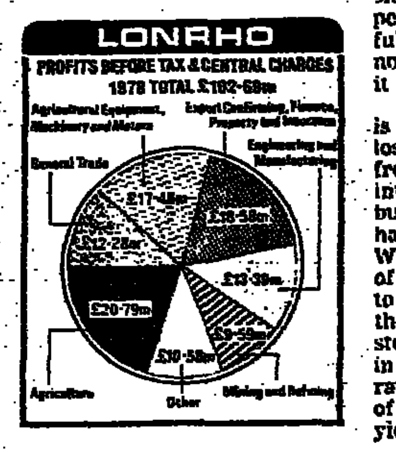
The plant is expected to supplement rather than supplant Harpers' existing vehicle operations. Although it is primarily a motor dealer ,it has a substantial engineering capacity, primarily engaged in production of speciality commercial vehicels

The advantages for Harpers in the Shumchun project seem to be threefold: very much cheaper land than is available in Hong Kong, substantially cheaper labour, and a foot in the door to bigger deals with China—if not at the national level than at least at the provincial level

THE LEX COLUMN

Lonrho wears its Sunday best

Index fell 4.6 to 446.1



Lonrho suspects the Monopolies Commission's report on the planned SUITS takeover will not now appear until after the Scottish referendum. Whatever happens, the group is clearly planning to extend its series of takeovers—if not of SUITS, then of other UK companies, and it has ambitions in the U.S. too. Lonrho is gloomy about the world economy, but weak stock markets would presumably play into its hands assuming its own figures hold up. And it seems that with the mining interests now booming, the UK businesses likely to show general progress, and Nigeria, with luck, benefiting before long from a higher oil price, there is optimism in Lonrho's boardroom.

The group's big spending has already increased its debt, however: the rise was from an overall £238m to £280m during the year to September. This is not unreasonable given £330m of book net worth, some £84m of minority interests in subsidiaries, and the further point that some £65m of borrowings relate to self-liquidating export confirming business. Lonrho appears to be sensitive about its equity base, though, for it has boosted the figures through an asset revaluation without which net worth would not have improved in 1977-78.

Meanwhile the group's accounting practices cast a favourable glow on the profit figures. As expected the auditors go along with the treatment of House of Fraser as an associate—because accounting standards "are not intended to be a comprehensive code of rigid rules." Elsewhere positive items like profits on disposal of assets and a clawback of depreciation (together worth almost £20m) are credited above the line, while a series of minus items are consigned to the extraordinary category. On the 1976-1977 accounting basis extraordinary debits would have swallowed up £31.9m of total attributable profits of £46m, but a timely change of policy has allowed £23m of currency translation losses to be charged directly to reserves. No rules are being broken in all this, but it is not the way to impress a sceptical City.

GEC/Averys

When is a takeover bid not a takeover bid? This is a question which is perplexing the stock market, politicians and trade unionists alike following GEC's muffled pass at Averys two and a half months ago.

At the end of November GEC approached Averys to discuss a possible merger and were careful to mention a price — 225p cash per share. On the basis of this the shares shot up from 172p to 242p over the next few weeks. In Whitehall it was obviously thought that GEC's interest was sufficient to justify an investigation by the Office of Fair Trading into whether it should be referred to the Monopolies Commission (its verdict is imminent) and the Treasury gave Averys permission to increase its dividend above the statutory limit to ward off an unwelcome suitor. Even though the FT 30 Share Index has fallen by 7½ per cent since the initial approach, Averys' shares are hovering close to GEC's suggested offer price.

Against this background an outside observer could be forgiven for thinking that GEC was still interested. But is it? Since November, nothing has been heard from GEC and according to the takeover panel, it is not technically obliged to say anything after being turned down by Averys.

With Averys' workforce up in arms about a possible takeover and politicians describing GEC as a "vulture of Capitalist exploitation," the latter might be forgiven for keeping its head down. Meanwhile, the stock market's decline is making its original proposals look a little more tempting each day.

Bernard Sunley

Bernard Sunley Investment Trust is gradually turning itself into a fairly orthodox property company by withdrawing from some of its less successful trading ventures. The six months to September produced a pre-tax surplus of £1.46m which, although well up on the previous year's first half £0.38m, included £0.82m of associate profits arising from a property disposal and so more or less an exceptional item. In a parallel operation, Sunley will show a £1m surplus in the second half on the sale of its shares in the Tannergate property portfolio. This was a useful investment for Sunley, but not the sort of thing on which it can rely.

Sunley's construction business is shrinking and tiresome losses are still coming through from its French ski resort interests and the Sunley Homes business, although this company has been largely farmed out to Wates. Any return to the levels of profit of five years ago seems to depend on rent reviews on the group's properties and a steady reduction of borrowings; in the meantime, high interest rates are a brake on the pace of profit recovery. At 260p the yield is 2.5 per cent.

Berec/South Africa

Given the steady trickle of UK companies pulling out of South Africa, Berec Group's decision to increase its investment by buying out the minority in its local operation must raise a few eyebrows. As the South African company has suffered from some well publicised labour problems and been the target of a threatened consumer boycott, Berec might have been forgiven for wanting to throw in the towel and return home.

However, the group argues that notwithstanding the political and economic uncertainties in the Republic, its investment makes a lot of sense. It is paying a premium over net asset value and 58 per cent over the stock market price. Local shareholders are being taken out on a multiple of six times earnings (Berec SA should make £4m in 1978-79) but for the UK company this falls to 3.7 because the company will buy rand at an effective 40 per cent discount. Even so it looks a brave move.

Retail sales

Concern about the level of consumer demand for credit has led the gilt-edged market to take increasing notice of the retail sales figures recently. Yesterday's provisional figure showed a 3.8 per cent volume fall, seasonally adjusted, in January over December, compared with a 1.5 per cent fall in January 1978. This was something of a relief after the upward adjustment of an already very high December figure. But the distortions caused by strikes, poor weather and problems in collecting statistics may mean that January's figure was even more provisional and erratic than usual.

Weather

UK TODAY

CLOUDY with outbreaks of sleet and snow in most areas, although some rain is likely near the south coast.

London, E. Anglia, Midlands, S. Wales, Cent. S. England, S.W. England

Cloudy with outbreaks of sleet or snow. Max. 3C (37F).

E. England, Cent. N. England, N.E. England

Cold. Some sleet or snow. Max. 2C (36F).

Channel Isles

Cloudy with outbreaks of rain. Max. 7C (45F).

N. Wales, Lake District, Ulster, Borders

Isolated snow showers and bright intervals. Max. 4C (39F).

S.W. Scotland, Glasgow, Cent. Highlands

Mostly dry with sunny intervals. Max. 4C (39F).

● **Outlook:** Sleet or snow in southern areas. Becoming mostly dry. Frost developing.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	14	57	Jo'burg	S	27	80
Algiers	F	18	64	Lisbon	C	15	59
Amsdm.	R	1	34	London	S	2	36
Athens	F	18	64	Luxmbg.	R	6	43
Bahrain	S	21	70	Majorca	S	17	63
Barcina.	F	15	59	Malaga	C	13	55
Belfast	C	4	39	Malta	C	16	61
Belgrd.	F	12	54	M'chstr	Sn	1	34
Berlin	S	−3	27	Melbne.	S	21	70
Biarritz	S	16	61	Milan	R	5	41
Bmghm.	S	1	34	M'ntreal	S	−23	−9
Blackpl.	Sl	2	36	Moscow	S	−18	0
Bordx.	C	13	55	Munich	C	4	39
Bristol	Sl	0	32	Nairobi	R	21	70
Brussels	C	9	48	Naples	C	16	61
Budpst.	C	3	27	Nwcstl.	C	5	41
B. Aires	S	28	82	N. York	C	−9	15
Cair	S	27	80	Nice	C	12	54
Cardiff	Sn	0	32	Nicosia	S	19	66
Cas'b'ca	C	15	59	Oslo	C	−9	16
Cape T.	S	25	77	Paris	C	11	52
Chicago	S	−8	18	Perth	S	22	72
Cologne	C	4	39	Prague	C	0	32
Cpnhgn.	C	−3	27	Reykjvk.	F	−3	27
Corfu	F	21	70	Rhodes	F	18	64
Dublin	R	4	39	Rio J'o	S	27	81
Dbrvnk.	C	17	63	Rome	C	14	57
Ednbgh.	C	4	39	Salzbrg.	R	1	34
Florence	R	14	57	Singapr.	S	29	84
Frankft.	C	3	37	Stckhlm.	S	−3	27
Funchal	F	19	66	Sydney	S	36	96
Geneva	F	11	52	Tangier	R	14	57
Gibrltr.	R	13	55	Tehran	S	21	70
Glasgow	F	5	41	Tel Aviv	S	22	72
G'rnsey.	C	8	46	Tokyo	S	14	57
Helsinki	C	−4	25	Toronto	C	−15	5
H. Kong	S	21	71	Tunis	C	16	61
Innsbrk.	C	6	43	Valencia	C	16	61
Invrnss.	S	2	36	Venice	C	9	48
I.o.Man	C	4	39	Vienna	C	0	32
Istanbul	C	13	55	Warsaw	C	−4	25
Jersey	F	8	46	Zurich	F	9	48

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

by

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Mid East accountants in damages claim

BY MICHAEL LAFFERTY

SABA, THE Middle East accounting firm, a part of the Touche Ross International group, is claiming damages of more than $500,000 from Talal Abu-Ghazaleh, another Arab accounting firm which forms part of the Price Waterhouse International group. The two are the biggest domestic accounting firms in the Arab world.

The move, through the Lebanese courts, is likely to be highly embarrassing for Touche Ross and Price Waterhouse, both among the eight largest international accounting groups. The claim dates back to 1972 when Mr. Talal Abu-Ghazaleh resigned from Saba, where he had been in charge of the Kuwait office, the firm's largest, to set up his own accounting firm in the country. Essentially, Saba is claiming that Mr. Abu-Ghazaleh took with him most of the firm's Kuwaiti clients and employees.

Saba, a Lebanese partnership, says it is claiming $525,000 (£262,500) compensation from Talal Abu-Ghazaleh for:

- material damages relating to the diversion of clients and employees to Mr. Abu Ghazaleh's firm;
- moral damages affecting Saba due to adverse advertising and press notices at the time of the break-up;
- breach of agreement on restraint of trade; and
- various expenses and items relating to Mr. Abu-Ghazaleh's current account with Saba.

Saba is asking the court to appoint an arbitrator, or failing that, "to rule in the substance of the case."

In addition, Mr. Suhail Saba, the firm's senior partner speaking from temporary headquarters in Nicosia, says he is preparing a separate claim against Talal Abu-Ghazaleh relating to an Arab-English accounting dictionary. This was published in Mr. Abu-Ghazaleh's name last year by Macmillan Press, London. Saba claims the dictionary was a Saba project with which Mr. Abu-Ghazaleh continued when he left the firm.

So far Saba has been unable to take the dispute to court because of the disturbances in the Lebanon, which have resulted in the closure of courts in the country. But Mr. Saba says he hopes proceeding will start this year when courts re-open.

Speaking from Kuwait, Mr. Abu-Ghazaleh said he was unaware of Saba's proposed court actions. "The only action I am aware of is specifically and excusively for the appointment of an arbitrator." Mr. Abu-Ghazaleh says a separate arbitration was carried out in 1972 by Mr. Graham Corbett, a senior partner in Peat Marwick Mitchell, relating to outstanding audit work in Kuwait at the time he left Saba.

Mr. Abu-Ghazaleh agreed that a large number of Saba employees resigned to join his firm, but said: "They have served the required legal notice and exercised their legal and human rights in choosing to work for the employer they want." As for former Saba clients, he added: "It is a matter of pride and privilege for me that the majority of clients chose to appoint my firm for the following years."

The disputed dictionary, however, left Mr. Abu-Ghazaleh "absolutely at a loss" to explain. "In my opinion Saba has as much claim to it as I have to Buckingham Palace."

Mr. Michael Coates, senior partner of Price Waterhouse in London, said he was aware of the dispute between the two Middle East firms. Price Waterhouse was fully committed to the partnership with Mr. Abu-Ghazaleh's firm. "It must be understood that there is a considerable difference between Middle East and Western commercial practices." A spokesman for Mr. Russell Palmer, managing partner of Touche Ross in New York, said he was aware of the Saba claim.

Our Beirut correspondent writes: Informal moves are underway to reactivate the Lebanese courts, but no date has yet been fixed for the start.

Continued from Page 1

Iran battles towards anarchy

Shah's last Premier, is said to be alive and in hiding in the country, though it is persistently rumoured that he committed suicide on Sunday after his Government collapsed.

The overthrow of the Bakhtiar Government and the defection of hundreds of soldiers and airmen has led to widespread and unsupervised distribution of weapons.

It is also reliably learnt that Soviet-made weapons have been flowing across the frontier with Afghanistan, where last year a Communist coup ousted the previous regime.

Until a central authority is accepted and able to exert its power with the backing of the Army, political chaos and economic standstill will continue. The immediate outlook for a quick return to stability looks bleak.

The newly-appointed aides to Mr. Bazargan, not officially designated as Ministers, are a mixture of loyal supporters of Ayatollah Khomeini and political unknowns.

Head of "Revolutionary Affairs" is Dr. Ibrahim Yazdi. The head of Radio and Television is Mr. Sadeq Ghobtzadeh.

Both men are radicals and were close to the Ayatollah during his stay in Paris, before returning to Iran ten days ago after an exile of 14 years.

The new Chief of Army Staff, Gen. Gharani, was a deputy on the Supreme Commander's staff until about 10 years ago, when he fell foul of the Shah and was imprisoned.

Other appointments include the Management of the Transition to an Islamic Republic; Public Relations; and Police.

No-one as yet has been appointed to deal with economics.

The new régime has been recogniesd by Pakistan, Syria, Libya; and the Palestine Liberation Organisation.

In the clash between rival groups yesterday, the Intercontinental Hotel, where many foreign journalists are staying, came under fire.

Continued from Page 1

BL Cars

issue of BL's failure to pay shift and overtime allowances worth up to £8 a week to many employees.

The company had agreed to make the payments—due under an industry-wide agreement with the Engineering Employers Federation — provided they could be financed by higher productivity.

● About 1,000 workers at the Uniparts depot, Horspath, Oxford, voted to end their strike yesterday after a management warning that they would be sacked.

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